NATIONAL OPEN UNIVERSITY OF NIGERIA

SCHOOL OF MANAGEMENT SCIENCES

COURSE CODE: MKT 827

COURSE TITLE: PRODUCT PLANNING AND DEVELOPMENT (PPD)

NATIONAL OPEN UNIVERSITY OF NIGERIA

SCHOOL OF MANAGEMENT SCIENCES

COURSE GUIDE

PRODUCT PLANNING AND DEVELOPMENT (PPD)

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Course Title	Product Planning and Development (PPD)
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COURSE GUIDE

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COURSE GUIDE

INTRODUCTION

MKT 827: Product Planning and Development (PPD) is a one semester course work having three credit units. It is available to students on MBA programme in the School of Management Sciences at the National Open University of Nigeria. The course is made up of 18 units covering essential topics in Product Planning and Development.

This course guide tells you what the course is all about, the relevant textbooks you should consult, and how to work through your course materials to get the best out of it. It also contains some guidelines on your Tutor-Marked Assignments.

COURSE CONTENTS

The aim of this course Product Planning and Development is to introduce you to the subject of new product development and product management decisions. Today, organizations are responding to the forces of consumers, technology and competition in bringing new products into their product portfolio. Given the dynamic nature of the drivers of new product development in the contemporary national and global markets it has become imperative that organizations become more adept at new product planning and development. This is the only enduring basis for their continued relevance, survival, growth and development. Large, medium and small firms are all challenged in doing this and reducing the possibilities of new product failure.

COURSE AIMS

The course aims to expose the students to the risks involved in new product development and management. It also aims to equip them with the knowledge; skills and attitude they need to overcome problems of new product development and position them to manage their new and existing products successfully.

COURSE OBJECTIVES

In order to achieve the full aims of the course, the study is divided into coherent units and each unit states, at the beginning, the objective it is out to achieve. You are therefore advised to read through the specific objectives before reading through the unit. However, the following represent some of the broad objectives of the course. That is to say, after studying the course as a whole, you should be able to:

Explain the key decisions in product planning and development;
Discuss the importance of new product development and highlight its benefits and demerits;
Discuss the basis for classification of products into consumer and industrial/organizational groups;
Explain the concepts of product line and product mix;
Discuss product life cycle and new product development;
Describe new product idea generation and screening;
Discuss concept testing and product development;
Discuss Pre-Test Market Models;
Describe new product positioning;
Explain product rollout-commercialization;
Discuss the role of packaging and marketing strategy in new product development;
Discuss organizing for product management;
Describe labeling;
Explain diffusion of innovations;
Describe the types; roles and requirements for new define the process of negotiation;
Explain why new products fail;
Discuss enhancing the success of new products; and
Discuss branding.

WORKING THROUGH THIS COURSE

It is imperative that you read through the units carefully, consulting the suggested texts and other relevant materials to broaden your understanding. Some of the units may contain self-assessment exercises and tutor-marked assignments to help you. Only when you have gone through all the study materials provided by the National Open University of Nigeria (NOUN) can you satisfy yourself that indeed you have completed the course. Note that, at certain points in the course you are expected to submit assignments for assessment, especially the Tutor-Marked Assignment (TMAs). At the end of the course, there will be a final examination to test your general understanding of the course.

COURSE MATERIALS

Major components and study units in the study materials are:

Course Title: MKT 827: Product Planning and Development (PPD)

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Unit 3 – Classifying Organizational Products

Unit 4 – Product Line and Product Mix

Unit 5: Product Life Cycle and New Product Development.

Unit 6: New Product Idea Generation and Screening

Unit 7: Concept Testing and Product Development

Unit 8: New Product Positioning

Unit 9: Packaging and Marketing Strategy

Unit 10: Organizing For Product Management

Unit 11: Labeling

Unit 12: Pre-Test Market Models

Unit 13: Diffusion of Innovations

Unit 14: Product Rollout-Commercialization

Unit 15: Types, Roles and Requirements for New

Unit 16: Why New Products Fail

Unit 17: Enhancing the Success of New Products

Unit 18: Branding

TEXTBOOKS AND REFERENCES

You should use the prepared text for the course made available to you by NOUN. However, in your own interest, do not limit yourself to this study text. Make effort to read the recommended texts to broaden your horizon on the course.

ASSIGNMENT FILE

The assignment file will be made available to you (where applicable). There, you will find details of all the work you must submit to your tutor for grading. The marks you obtain from these assignments, will count towards the final mark you will obtain to hit the required pass-mark for the course.

ASSESSMENT

Your performance on this course will be determined through two major approaches. The first is through your total score in the Tutor-Marked Assignments, and the second is through the final examination that will be conducted at the end of the course. Thus, your assessment in the course is made up of two components:

Tutor-market Assignment	30%
Final Examination	70%

The self-assessment tests which may be provided under some units do not form part of your final assessment. They are meant to help you understand the course better. However, it is important that you complete work on them religiously so that they will help in building you strongly and serving you as mock-examination.

TUTOR-MARKED ASSIGNMENT

At the end of each unit, there is a Tutor-Market Assignment (TMA), which you are encouraged to do and submit accordingly. The study centre manager/ tutorial facilitator will guide you on the number of TMAs to be submitted for grading.

Each unit of this course has a TMA attached to it. You can only do this assignment after covering the materials and exercise in each unit. Normally, the TMAs are kept in a separate file. Currently, they are being administered on-line. When you answer the questions on-line, the system will automatically grade you. Always pay careful attention to the feedback and comments made by your tutor and use them to improve your subsequent assignments.

Do each assignment using materials from your study texts and other sources. Try to demonstrate evidence of proper understanding, and reading widely will help you to do this easily. The assignments are in most cases easy questions. If you have read the study texts provided by NOUN, you will be able to answer them. Cite examples from your own experience (where relevant) while answering the questions. You will impress your tutor and score higher marks if you are able to do this appropriately.

FINAL EXAMINATION AND GRADING

At the end of the course, you are expected to sit for a final examination. The final examination grade is 70% while the remaining 30% is taken from your scores in the TMAs. Naturally, the final examination questions will be taken from the materials you have already read and digested in the various study units. So, you need to do a proper revision and preparation to pass your final examination very well.

HOW TO GET THE BEST OUT OF THIS COURSE

The distance learning system of education is quite different from the traditional or conventional university system. Here, the prepared study texts replace the lecturers, thus providing you with a unique advantage. For instance, you can read and work through the specially designed study materials at your own pace and at a time and place you find suitable to you.

You should understand from the beginning that the contents of the course are to be worked on carefully and thoroughly understood. Step by step approach is recommended. You can read over a unit quickly y to see the general run of the contents and then return to it the second time more carefully. You should   be prepared to spend a little more time on the units that prove more difficult. Always have a paper and pencil by you to make notes later on and this is why the use of pencil (not pen or biro) is recommended.

FACILTATORS/TUTORS AND TUTORIALS

Full information about learning support services or tutorial contact hours will be communicated to you in due course. You will also be notified of the dates, time and location of these tutorials, together with the names of your tutors. Your tutor will mark and comment on your assignments. Pay attention to the comments and corrections given by your tutor and implement the directives as you make progress. In its quest to enhance the learning experience in noun, the university has introduced the ILEARN platform for a more meaningful interaction between academic staff and students. This is a technology facilitated learning being introduced to complement other Open and Distance Learning (ODL) delivery method and enhance convenient learning experience. A facilitator from the academic staff of SMS will be appointed. The facilitator will be communicated to all students in due course.

USEFUL ADVICE

You should endeavour to attend tutorial classes since this is the only opportunity at your disposal to come face to face with your tutor/lecturer and to ask questions on any grey area you may have in your study texts. Before attending tutorial classes, you are advised to thoroughly go through the study texts and then prepare a list of questions you need to ask the tutor. This will afford you opportunity to actively participate in the class discussions.

SUMMARY

Many firms today are grappling with the challenges of new product development and marketing. The challenges reduce to adopting a good product policy, following the right new product development stages, having the right commitment of top management, deploying adequate organizational resources towards having the new product accepted and its demand sustained in the market. All these measures are required in the right proportion and combination to reduce new product failure and enhance the chances of success for new products.

MKT 827: PRODUCT PLANNING AND DEVELOPMENT (PPD)

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MKT 827: PRODUCT PLANNING AND DEVELOPMENT (PPD)

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Unit 1: PRODUCT DECISIONS, PLANNING AND DEVELOPMENT.

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3.1Meaning of Product

3.2 Levels of Product

3.3 Classifications of Products.

4.0 Conclusion.
5.0 Summary
6.0 Tutor -Marked Assignment.

7.0 Further Reading.

1.0 INTRODUCTION.

The unit is basically meant to prepare students in the analysis of the decisions and activities associated with the developing and maintaining of effective marketing mix. The idea of the marketing mix, otherwise known as the 4P, S was popularized by McCarthy (1996). Marketing mix is a set of controllable variables that a marketer blends together to elicit the cherished response from the target market These controllable variables includes; Product, Price, Place and Promotion.

2.0 OBJECTIVES.

At the end of this unit, a student should be able to:

*Define what a product is;

*classify products;

*State the levels of products; and

*Explain the new product development process.

3.0 MAIN CONTENT.

3.1 What is a Product?

A product can be seen as anything that is offered for acquisition, use and disposal, and that satisfies the needs of the target market. The term product is broad and covers both physical goods and the intangible goods. Physical products include such items as vehicles, mobile handsets, processed food items and equipments, while intangible products like haircuts, financial services, accounting service and the hospitality industry. Products can also be seen in terms of functional, social and psychological utilities and benefits'.

Products need to be seen in terms of the benefits they provide rather than the function they perform. Marketers need to be aware that every product has both objective and subjective elements. Competitors, in no time copy such objective elements as physical specification and price. On the other hand, subjective elements like image and reputation are generally more difficult to copy and , in many markets , provide the most effective basis for differentiation.

3.2 Levels of Products.

The marketer , in planning his market offering , needs to think through the following five levels of the product: core benefit, basic product , expected product, augmented product and the potential . Each level adds more customer value, and constitutes a customer value hierarchy.

- **Basic Product**.

  A marketer needs to convert the core benefit into a basic product. The product of petroleum jelly should be made in a substance that makes it possible to achieve the desired effect especially in the harmattan period.

- **Core benefit**.

  This is the fundamental service or benefit that the customer is really buying. For instance, a detergent buyer is buying cleanliness.

- **Expected Product**.

  This set of attributes and conditions buyers normally expect when they purchase a product. A buyer of detergent expects that it should be well packaged, reasonably priced and widely available.

- **Potential Product**.

  This encompasses all the possible argumentations and transformations a product might undergo in the future. Here, companies search for new ways to satisfy customers and distinguish their offers.

- **Augmented Product**.

This is the improvement on the product that makes it possible for customer's expectations to be augmented.

An example, a petroleum jelly that is meant to retain oil moisture especially during the harmattan period, in addition to body beautification represents an argumentation of the core product. Levitt cautions that the new competition is not between what companies produce in their factories but in the form of packaging , services and financing.

Exercise 1

Define and classify products.

3.3 **Classification of Products**.

Products fall into one of two general categories; products purchased to satisfy personal and family needs are CONSUMER products. Those bought to use in a firms operation to resell, or to make other products are BUSINESS products. Consumer buy products to satisfy the goals of their organizations Products classification are important because they may influence pricing, distribution and promotion decisions.

*__Consumer Products.__

The most widely accepted approach to classify consumer products is based on characteristics of consumer buying behaviour. It divides products into four categories; convenience, shopping, specialty, and unsought products. However, not all buyers behave in the same way when purchasing a specific type of product. Thus a single product can fit into several categories. To minimize this problem, marketers think in terms of how buyers generally behave when purchasing a specific item. Examining the four traditional categories of consumer products can provide further insight.

1) **Convenience Goods.**

This type of products are relatively inexpensive, frequently purchased items for which buyers exert only minimal purchasing effort. They range from bread, soft drinks and chewing gum to gasoline and newspapers. The buyer spends little time planning the purchase or comparing available brands or sellers. Even a buyer who prefers a specific brand will readily choose a substitute if the preferred brand is not conveniently available A convenience product is normally marketed through many retail outlets. Because sellers experience high inventory turnover, per unit gross margins can be relatively low. Producers of convenient products expect little promotional effort at the retail level and thus must provide it themselves with advertising and sales promotion. Packaging is also important , because many convenience goods are available only on a self -service basis at the retail level , and thus the package plays a major role in selling the product.

2) **Shopping Products.**

Shopping products are items which buyers are willing to expend considerable effort in planning and making the purchase. Buyers spend much time comparing scores and brands with respect to prices , product features , qualities , services and perhaps warranty .These products are expected to last for a fairly long time and thus are purchased less frequently than convenience items. Even though shopping products are more expensive than convenience products, few buyers of shopping products are particularly brand loyal.

If they were, they would be unwilling to shop and compare among brands. Shopping products are purchased less frequently, inventory turnover is lower and marketing channel members expect to receive higher gross margins. In certain situations, both shopping products and convenience products may be marketed in the same location.

3) Specialty Products.

These type of products possess one or more unique characteristics , and generally buyers are willing to expend considerable effort to obtain them. Buyers actually plan the purchase of a specialty product ; they know actually what they want and will not accept a substitute When searching for specialty products ,buyers do not compare alternatives. They are concerned primarily with finding an outlet that has the pre selected product available.

Like shopping products, they are [purchased infrequently, causing lower inventory turnover and thus requiring relatively high gross margins.

4) Unsought Products

These types of products are purchased when sudden problem must be solved, products of which customers are unaware, and products that people do not necessarily think of purchasing. Emergency medical services and automobile parts are the typical examples.

Exercise 2

Compare and contrast consumer and business products.

Business Products

Business products are usually purchased on the basis of an organizations goals and objectives. Generally, the functional aspects of the product are more important than the psychological rewards sometimes associated with consumer products. Business products can be classified into seven(7) categories according to their characteristics and intended uses; installations; accessory equipments; raw materials; maintenance, component parts; process materials; repairs and operating supplies ; and business services.

1) **Installations.**

These include facilities, such as office buildings, factories and warehouses, and major equipment that are non portable, such as production lines and very large machines. Normally, installations are expensive and typically involve a long term investment of capital, purchase decisions often are made from high level management. Marketers of installations frequently must provide a variety of services , including training, repairs , maintenance assistance , and even aid in financing such purchases.

2) **Accessory Equipments**.

These types of equipments does not become part of the final product but is used in production or office activities. Examples include the file cabinets, fractional –horse power motors, calculators or office activities. Compared with major equipments , accessory items usually are much cheaper, purchased routinely with less negotiation , and treated as expense items rather than capital items because they are not expected to last as long as . More orders are required for distributing accessory equipment than for installations , but sellers do not have to provide the multitude of services expected of installations marketers.

3) **Raw Materials**.

Raw materials are the basic natural materials that are actually become part of a physical [product

These include minerals, chemicals, agricultural products, and materials from forests and oceans.

4) **Component Parts.**

These items become part of the physical product and are either finished items ready for assembly or products that need little processing before assembly. Although they become part of a larger product, component often can be identified and distinguished easily. Buyers purchase such items according to their own specifications or industry standards. They expect the parts to be of specified quality and delivered on time so that production is not allowed or stopped. Producers that are primarily assemblers, such as most lawn mowers and computer manufacturing depend heavily on suppliers of component parts.

5) **Process Materials**.

Process materials are used directly in the production of other products. Unlike component parts, however, process materials are not readily identifiable. Example, salad dressing manufacturer that includes vinegar in its salad dressing. The vinegar is a process material because it is included in the salad dressing, but it is not identifiable. As with components parts, process materials are purchased according to industry standards or the purchaser's specifications.

6) **MRO Supplies**.

MRO Supplies are maintenance, repair and operating items that facilitate production and operations but do not become part of the finished products. Examples includes papers, pencils ,oils , cleaning agents and paints.MRO supplies are commonly sold through numerous outlets and are purchased routinely . To ensure supplies are available when needed, buyers often deal with more than one's seller.

7) **Business Services.**

The last but not the least are the business services which are intangible products that many organizations use in their operations. They include financial, legal, marketing research and information technology .Firms must decide whether to provide their own services internally or obtain them from outside the organization. This decision depends on the costs associated with each alternative and how frequently the services are needed. An example is the delivery services.

4. CONCLUSION.

This unit was able to clarify major issues about product decision and classifications. To be successful in the market place as regards product decision, a firm should deploy its resources in such ways as to meet customer needs economically and conveniently and with effective communications.

5) SUMMARY

The unit was about product decision, planning and development. The unit was able to define products, the levels and classifications of product and product services.

6) TUTOR-MARKED ASSIGNMENTS.

Define the 'terminology' Product.

How can you classify products?

7) REFERENCES/FURTHER READINGS.

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UNIT 2 – CLASSIFYING CONSUMER PRODUCTS

CONTENTS

1.0 INTRODUCTION

Products are an important variable in the marketing mix. The mix of products offered by a company can be a firm's most important competitive tool. If a company's products do not meet customers' desires and needs, the company will fail unless it makes adjustments. Developing successful products requires knowledge of fundamental product concepts.

In this Unit, we shall define a product and discuss how products are classified. Specifically, we shall consider consumer product.

2.0 OBJECTIVES

After a careful study of this unit, you should be able to:

- Define a product with examples;
- Do a classification of products;
- Discuss the consumer products.

3.0 MAIN CONTENT

3.1 What Is A Product?

A product is a marketing mix element. It is "anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need" (Kotler, 1993). Most products are physical products (or goods) such as books, automobiles, etc. Services are also products. We can also think of persons as products. For example, when musicians are marketed, it is not in the sense of buying them but to give them attention, buy their records, and attend their concerts. Places, organizations and ideas can be marketed. Thus, we say that products consists broadly of anything that can be marketed, including physical objects, services, persons, places, organizations, and ideas.

Thus, a product is a good, a service, or an idea received in an exchange. It can be either tangible or intangible and includes functional, social, and psychological utilities or benefits. It also includes supporting services, such as installation, guarantees, product information, and promises of repair or maintenance. A good is a tangible physical entity. A service, in contrast, is intangible; it is the result of the application of human and mechanical efforts to people or objects. Examples of services include medical examinations, a concert performance, online travel agencies, and music lessons. An idea is a concept, philosophy, image, or an issue. Ideas provide the psychological stimulation that aids in solving problems or adjusting to the environment.

It is helpful to think of a total product offering as having three interdependent elements: the core product itself, its supplemental features, and its symbolic or experiential benefits. Consider that some people buy new tyres for their basic utility, whereas some look for safety, and others buy on the basis of brand name or exemplary performance. The core product consists of a product's fundamental utility or main benefit and usually addresses a fundamental need of the consumer. Broadband Internet services, for instance, offer speedy Internet access, but some buyers want additional features, such as wireless connectivity anywhere they go.

Supplemental features provide added value or attributes in addition to the core utility or benefit. Supplemental products also can provide installation, delivery, training, and financing. These supplemental attributes are not required to make the core product function effectively, but they help to differentiate one product brand from another. Customers also receive benefits based on their experiences with the product. In addition, many products have symbolic meaning for buyers. For some consumers, the simple act of shopping gives symbolic value and improves their attitudes. Some stores capitalize on this value by striving to create a special experience for customers. The atmosphere and décor of a retail store, the variety and depth of product choices, the customer support, and even the sounds and smells all contribute to the experiential element.

When buyers purchase a product, they are really buying the benefits and satisfaction they think the product will provide. For example, a Rolex watch is often purchased to make a statement of success, not just for telling time. Services in particular are purchased on the basis of expectations. Expectations, suggested by images, promises, and symbols, as well as processes and delivery, help consumers to make judgments about tangible and intangible products. Products are formed by the activities and processes that help to satisfy expectations. Often symbols and cues are used to make intangible products more tangible, or real, to the consumer.

Self-Assessment Exercise 1
Define a product.

3.2 Classifying Products

Products fall into one of two general categories. Products can be classified into:

- Consumer products
- Business products

Products purchased to satisfy personal and family needs are consumer products. Those bought to use in a firm's operations, to resell, or to make other products are business products. Consumers buy products to satisfy their personal wants, whereas business buyers seek to satisfy the goals of their organizations.
Product classifications are important because they may influence pricing, distribution, and promotion decisions. In this Unit, we shall examine the characteristics of consumer products and explore the marketing activities associated with some of these products.

3.3 Consumer Products

The most widely accepted approach to classifying consumer products is based on characteristics of consumer buying behaviour. It divides products into four categories:

- Convenience
- Shopping
- Specialty
- Unsought

3.3.1 Convenience Products

Convenience products are relatively inexpensive, frequently purchased items for which buyers exert only minimal purchasing effort. They range from bread, soft drinks, and chewing gum to gasoline and newspapers. The buyer spends little time planning the purchase or comparing available brands or sellers. Even a buyer who prefers a specific brand will readily choose a substitute if the preferred brand is not conveniently available.

A convenience product is normally marketed through many retail outlets. Because sellers experience high inventory turnover, per-unit gross margins can be relatively low. Producers of convenience products expect little promotional effort at the retail level and thus must provide it themselves with advertising and sales promotion. Packaging is also important because many convenience items are available only on self-service basis at the retail level, and thus the package plays a major role in selling the product.

3.3.2 Shopping Products

Shopping products are items for which buyers are willing to spend considerable effort in planning and making the purchase. Buyers spend much time comparing stores and brands with respect to prices, product features, qualities, services, and perhaps warranties. Appliances, bicycles, furniture, stereos, cameras, and shoes exemplify shopping products. These products are expected to last a fairly long time and thus are purchased less frequently than convenience items. Even though shopping products are more expensive than convenience products, few buyers of shopping products are particularly brand-loyal. If they were, they would be unwilling to shop and compare among brands. Shopping products require fewer retail outlets than convenience products. Because shopping products are purchased less frequently, inventory turnover is lower, and marketing channel members expect to receive higher gross margins. In certain situations, both shopping products and convenience products may be marketed in the same location.

3.3.3 Specialty Products

Specialty products possess one or more unique characteristics, and generally buyers are willing to expend considerable effort to obtain them. Buyers actually plan the purchase of a specialty product; they know exactly what they want and will not accept a substitute. When searching for specialty products, buyers do not compare alternatives. They are concerned primarily with finding an outlet that has the preselected product available. Specialty products are often distributed through a limited number of retail outlets. Like shopping products, they are purchased infrequently, causing lower inventory turnover and thus requiring relatively high gross margins.

Self-Assessment Exercise 2

- Distinguish between ‘convenience products’ and ‘shopping products’.
- What is the relationship between ‘shopping products’ and ‘specialty products’

3.3.4 Unsought Products

Unsought products are products purchased when a sudden problem must be solved, products for which customers are unaware, and products that people do not necessarily think of purchasing. Emergency medical services and automobile repairs are examples of products needed quickly to solve a problem. A consumer who is sick or injured has little time to plan to go to an emergency medical centre or hospital. Likewise, in the event of a broken fan belt on the highway, a

consumer likely will seek the nearest auto repair facility to get back on the road as quickly as possible. In such cases, speed and problem resolution are far more important than price and other features buyers might normally consider if they had more time for making decisions.
Thus, unsought products are products purchased to solve a sudden problem, products of which customers are unaware, and products that people do not necessarily think about buying.

4.0 CONCLUSION

It is important for marketers to know what classification their products come under, as the classification determines how consumers behave when they are purchasing their products. Marketing can then be designed around the specific buying behaviour.

5.0 SUMMARY

In this Unit, we have been able to:

- Define a product as "anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need" (Kotler, 1993);
- Explain that a product is a good, a service, or an idea received in an exchange, and can be tangible or intangible;
- Classify products into 'consumer products' and 'business products';
- Discuss the classification of consumer products based on characteristics of consumer buying behaviour, which divides products into four categories – Convenience, Shopping, Specialty, and Unsought products.

6.0 TUTOR-MARKED ASSIGNMENT

1. What is a product?

2. Relative to consumer products, explain unsought products, with examples.

7.0 REFERENCES/FURTHER READING

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UNIT 3 – CLASSIFYING ORGANIZATIONAL PRODUCTS

CONTENTS

1.0 INTRODUCTION

Recall that we had classified products into:

- Consumer products
- Business products

Products purchased to satisfy personal and family needs are consumer products. Those bought to use in a firm's operations, to resell, or to make other products are business products. Consumers buy products to satisfy their personal wants, whereas business buyers seek to satisfy the goals of their organizations.

We had examined the characteristics of consumer products and explored the marketing activities associated with some of these products. In this Unit, we shall consider the classification of business products.

2.0 OBJECTIVES

After a careful study of this Unit, you should be able to:

- Classify organizational products;

- Discuss the seven categories into which organizational products are classified, according to their characteristics and intended uses.

3.0 MAIN CONTENT

3.1 Organizational Products

Organizational products, also known as business products, are usually purchased on the basis of an organization's goals and objectives. Generally, the functional aspects of the product are more important than the psychological rewards sometimes associated with consumer products. Organizational products can be classified into seven categories according to their characteristics and intended uses:

- Installations;
- Accessory equipment;
- Raw materials;
- Component parts;
- Process materials;
- Maintenance, repair, and operating (MRO) supplies; and
- Business services

3.2 Classifying Organizational Products

3.2.1 Installations

Installations include facilities, such as office buildings, factories, and warehouses, and major equipment that are nonportable, such as production lines and very large machines. Normally, installations are expensive and intended to be used for a considerable length of time. Because they are so expensive and typically involve a long-term investment of capital, purchase decisions often are made by high-level management.

Marketers of installations frequently must provide a variety of services, including training, repairs, maintenance assistance, and even aid in financing such purchases.

3.2.2 Accessory Equipment

Accessory equipment does not become part of the final physical product but is used in production or office activities. Examples include file cabinets, calculators, and tools. Compared with major equipment, accessory items usually much cheaper, purchased routinely with less negotiation, and treated as expense items rather than capital items because they are not expected to last as long. More outlets are required for distributing accessory equipment than for installations, but sellers do not have to provide the multitude of services expected of installations marketers.

3.2.3 Raw Materials

Raw materials are the basic natural materials that actually become part of a physical product. They include minerals, chemicals, agricultural products, and minerals from forests and oceans. Corn, for example, is a raw material found in many different products, including food, beverages (corn syrup), and even fuel (ethanol). Indeed, the growing popularity of ethanol as an alternative fuel (in some countries) has caused corn prices to soar. Raw materials are usually bought and sold according to grades and specifications, and in relatively large quantities.

3.2.4 Component Parts

Component parts become part of the physical product and are either finished items ready for assembly or products that need little processing before assembly. Although they become part of a larger product, component parts can often be identified and distinguished easily. Spark plugs, tyres, clocks, brakes, and switchers are all component parts of an automobile. Buyers purchase such items according to their own specifications or industry standards. They expect the parts to be of specified quality and delivered on time so that production is not slowed or stopped. Producers that are primarily assemblers, such as most lawn mower and computer manufacturers, depend heavily on suppliers of component parts.

3.2.5 Process Materials

Process materials are used directly in the production of other products. Unlike component parts, however, process materials are not readily identifiable. For example, a salad dressing manufacturer includes vinegar in its salad dressing. The vinegar is a process material because it is included in the salad dressing but is not identifiable. As with component parts, process materials are purchased according to industry standards or the purchaser’s specifications.

3.2.6 Maintenance, Repair, and Operating (MRO) Supplies

MRO supplies are maintenance, repair, and operating items that facilitate production and operations but do not become part of the finished product. Paper, pencils, oils, cleaning agents, and paints are in this category. MRO supplies are commonly sold through numerous outlets and are purchased routinely. To ensure supplies are available when needed, buyers often deal with more than one seller.

3.2.7 Business Services

Business services are the intangible products that many organizations use in their operations. They include financial, legal, marketing research, information technology, and janitorial services. Firms must decide whether to provide their own services internally or obtain them from outside the organization. This decision depends on the costs associated with each alternative and how frequently the services are needed.

Self-Assessment Exercise

Differentiate between raw materials and process materials.

4.0 CONCLUSION

Business products represent a very important product category, and in the case of some manufacturers, they are the only product sold. These are goods that are sold to other businesses, and used to produce other goods as opposed to convenience, shopping and specialty products, which are sold to consumers. Business products are marketed differently than convenience, shopping and specialty products, due to their different nature as well as the different nature of the prospective buyers.

5.0 SUMMARY

In this Unit, we have been able to:

- Classify organizational products into installations; accessory equipment; raw materials; component parts; process materials; maintenance, repair, and operating (MRO) supplies; and business services;
- Discuss the seven categories according to their characteristics and intended uses.

6.0 TUTOR-MARKED ASSIGNMENT

1. What do you understand by ‘business products’?

2. Discuss the categories into which organizational products are classified, according to their characteristics and intended uses.

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UNIT 4 – PRODUCT LINE AND PRODUCT MIX

CONTENTS

1.0 INTRODUCTION

Recall that products are an important variable in the marketing mix. The mix of products offered by a company can be a firm's most important competitive tool. If a company's products do not meet customers' desires and needs, the company will fail unless it makes adjustments. Developing successful products requires knowledge of fundamental product concepts.

In this Unit, we shall examine the concepts of product line and product mix.

2.0 OBJECTIVES

After a careful study of this Unit, you should be able to:

- Define 'product line' and explain product line length;
- Explain 'product mix';
- Identify and discuss the dimensions of the product mix.

3.0 MAIN CONTENT

3.1 Product Line

A product line is a group of products that are closely related because they satisfy a class of needs, are used together, are sold to the same customer group, are distributed through the same type of outlets, or fall within a given price range. In other words, a product line is a broad group of products intended for basically similar uses, and having reasonably similar physical characteristics.

Thus, a product line is a group of products that are closely related and are promoted together. For example, when a company creates a group of products that deal with hygiene, such as shaving cream, soap and shampoo, this is known as a product line. The line of products typically shares the same logo, brand and colour scheme. This way, customers can easily identify other products within the same group. The products are not exactly the same, but they typically share some of the same characteristics. In developing product line strategies, marketers face a number of tough decisions.

Product Line Length

Product line managers have to decide on product line length. The line is too short if the manager can increase profits by adding items; the line is too long if the manager can increase profits by dropping items. Product line length is influenced by company objectives. Companies that want to be positioned as full-line companies or that are seeking high market share and growth usually carry longer lines. Companies that are keen on high short-term profitability generally carry shorter lines consisting of selected items.

Product lines tend to lengthen over time. The product line manager may feel pressure to add new products to use up excess manufacturing capacity. The sales force and distributors may pressure the manager for a more complete product line to satisfy their customers. On the other hand, the product line manager may want to add items to the product line to increase sales and profits.

However, as the manager adds items, several costs rise: design and engineering costs, inventory costs, manufacturing changeover costs, order processing costs, transportation costs, and promotional costs to introduce new items. Eventually, someone calls a halt to the mushrooming product line. Top management may freeze things because of insufficient funds or manufacturing capacity or the chief executive may question the line's profitability and call for a study. The study will probably show a number of money-losing items, and they will be pruned from the line in a major effort to increase profitability. The pattern of uncontrolled product line growth followed by heavy pruning is typical and may repeat itself many times.

The company must manage its product lines carefully. It can systematically increase the length of its product line in two ways: by stretching its line and by filling its line. Every company's product line covers a certain range of the products offered by the industry as a whole. For example, BMW automobiles are located in the medium-high price range of the automobile market. Toyota focuses on the low-to-medium price range.

Self-Assessment Exercise 1

What do you understand by the product line?

3.2 Product Mix

The product mix of a company involves all of the products that a company has for sale. The product mix could include several lines of products or individual products that do not fall into a line. For example, if a company owns a line of hygiene products and also owns a line of house cleaning products, all of those products together would constitute the product mix for the company. Each line would combine with the other to come up with the total mix.

Thus, an organization with several product lines has a product mix. A product mix (or product assortment) is the set of all product lines and items that a particular seller offers for sale. Avon's product mix consists of four major product lines: cosmetics, jewelry, fashions, and household items. Each product line consists of several sub lines. For example, cosmetics break down into lipstick, rouge, powder, and so on. Each line and sub line has many individual items.

A company's product mix has four important dimensions:

- Width,
- Length,
- Depth, and
- Consistency

The **width** of product mix refers to the number of different product lines a company carries. The **length** of product mix refers to the total number of items a company carries. The **depth** of product mix refers to the number of versions offered of each product in the line. Lastly, the **consistency** of the product mix refers to how closely related the various product lines are in end use, product requirements, distribution channels, or in some other way.

These product mix dimensions provide the handles for defining the company's product strategy. The company can increase its business in four ways. It can add new product lines, thus widening its product mix. In this way, its new lines build on the company's reputation in its other lines. The company can lengthen its existing product lines to become a more full-line company. On the other hand, it can add more product versions of each product and thus deepen its product mix. Finally, the company can pursue more product line consistency – or less – depending on whether it wants to have a strong reputation in a single field or in several fields.

Self-Assessment Exercise 2

Why is the concept of product mix important?

4.0 CONCLUSION

In a company's marketing efforts, both the product lines and the mix that it uses are important in the long term. While product mix and product lines are similar, they are not the same thing, and each can have a drastic impact on the success of a company. A product mix is potentially comprised of several product lines.

5.0 SUMMARY

In this Unit, we have been able to:

- Define the product line as a group of products that are closely related and are promoted together;
- Explain the product line length;
- Explain that the product mix of a company involves all of the products that a company has for sale;
- Discuss the four important dimensions of the product mix – width, length, depth, and consistency.

6.0 TUTOR-MARKED ASSGNMENT

1. Discuss the dimensions of the product mix.

2. What is the relationship between the product line and the product mix?

3. How can a company build and manage its product mix and product lines?

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UNIT 5: PRODUCT LIFE CYCLE AND NEW PRODUCT DEVELOPMENT.

CONTENTS.

1.0 INTRODUCTION

Most products have limited profitable life. This unit will give a student a complete picture of what happens from a time a new product is introduced until it declines , and furthermore, will exhibit to the student to a certain extent can be postponed.
Product development involves careful planning and implementation. Sometimes revive declining products by modification or else they follow several steps ranging from identification of market opportunity to launching of new products . The greater the competitiveness of the markets, the greater the need for product development.

2.0 OBJECTIVES

After studying this unit, a student should be able to explain the following:

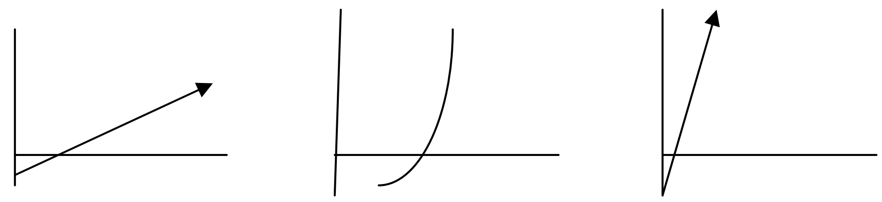
*Concept of a product life cycle;
*Stages in the product life cycle;
*Need for product Modifications; and
*Need for new product development and the process through which a product has to pass before it is finally launched into the market.

3.0 MAIN CONTENT

3.1 **The Product Life Cycle Concept.**

A company which introduces a new product naturally hopes that the product will contribute to the profits and provide consumer satisfaction for a long time. This however, does not always happen in practice. So progressive organizations try to remain aware of what is happening throughout the life of the product in terms of the sales and the resultant profits.

Sales Trend ---Introductory Stage. Figure 1



The Introductory Stage.

Figure 1 gives three optimistic alternatives as to the likely sales trend. If the product is well designed, the sales would not increase slowly but would shoot up after some time as in (a). Rarely would there be a case experience a slow take off as shown in (b). A poorly designed product may experience a slow take off as shown in (a). Thus, (b) represents a suitable sales trend for a new product. This stage is called the 'introduction' or innovation' stage in the life cycle of a product.

Since the product has just been introduced, it is natural to expect that it will take some time before the sales pick up.

There are some prerequisite for that too. The product must be brought to the notice of the customer. It must be available at the distribution at the distribution outlets and all this takes some time. Therefore, a likely picture of the sales trend in this stage would be (b) as given in Figure 1.

The Growth Stage.

In case the product launched is successful, the sales must start picking up or rise more rapidly. The next stage is then reached which is known as the 'growth'. Here, the sales would climb up fast and profit picture will also improve considerably. This is because the cost of distribution and promotion is now spread over a larger volume of sales. As the volume of production is increased, the manufacturing cost per unit tends to decline. Thus, from the point of view of product strategy, this is a very critical stage.

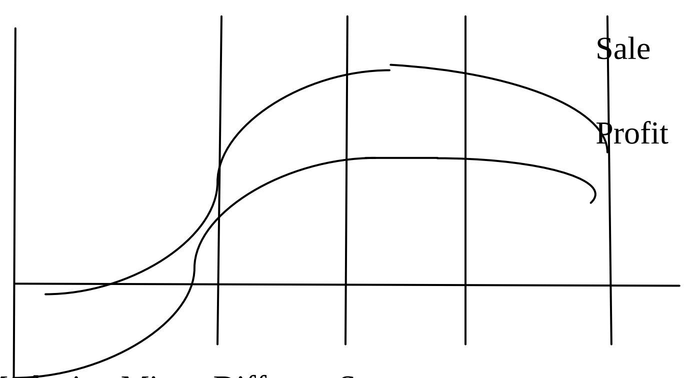
The Maturity Stage.

It is too optimistic to think that sales will keep shooting up. At this stage, it is more likely that the competitors become more active. In case your product is a novel one , by now competitors will come out with a similar product in the market to compete with yours. Therefore, the sales are likely to be pushed downwards by the competitors while your promotional efforts would have to be increased to try and sustain the sales Thus , the sales reaches a plateau. This is called the ‘maturity stage’ or ‘saturation’. At this point, it is difficult to push sales up. With regard to the ‘profit ‘picture., the profits are likely to stabilize or start declining as more promotional effort has to be made now in order to meet competition. Unless, of course, an organization has the largest market share with your product and it needs no extra push in the market.

The Decline or Obsolesce Stage.

Thereafter, the sales are likely to decline and the product could reach the obsolesce stage. Steps should be taken to prevent this obsolesce and avoid the decline. This decline that generally follows would be due to several reasons such as consumer changes and taste, improvement in technology and the introduction of better substitutes. This is the stage where the profits drop rapidly and ultimately, the last stage emerges. Retaining such profit after this stage may be risky, and certainly not profitable to the organization.

Figure 2 shows the ‘product life cycle ‘and the different stages.



3.1 Marketing Mix at Different Stages.

At the introductory stage, the organization has to increase and thus spend a lot on physical distribution and promotion. This is because the organization has to increase awareness and acceptance of the product. The organization must also increase its availability. Very often it is noticed that a product is advertised but it is not available at the distribution outlets. This constitutes a waste of promotional resources of the organization. Thus, distribution should be arranged before the product is launched.

In any case, in these two areas, substantial amounts would have to be spent. The reluctance of customers to change their established patterns, and make them purchase the product particularly if it is of a novel nature. As against this, if it is novel one, people may even buy it out of sheer curiosity.

Next is the growth stage , when the sales shoot up and the organization is satisfied with the profit generated by the product ; competitors will now enter the market and perhaps offer new product features . Therefore the organization must begin to think of how the product can be improved upon. The promotional expenditure is maintained at the same level or is raised slightly in order to meet competition.

Then comes the maturity stage. This stage is generally lasts longer than the other stages and poses problems for the management in maintaining the sales level. Actually, there is a slowdown in the growth rate of sales in case of such mature products. The decline can be arrested by improvements in the product and promotion.

Finally, the declining stage catches up. The decline may be slow or rapid. It may be due to better substitute products, better competition, technological advances with which the organization has not kept up and several other reasons. Such a product now proves expensive for the organization. Such a product now proves expensive for the organization. One must, therefore be willing to consider the elimination of such marginal or unprofitable products. Eventually the last weapon is to reduce the price. This is dangerous because this is a very crucial time when extra promotional effort is required to be put in to prop up the product sales. Reducing the price may soon land the company in a loss situation.

3.2 Options in the Decline Stage.

Having considered the product life cycle and the inevitability of [product decline , the question which comes to one's mind is what should be done to avoid or postpone this decline.

Consider some of the following points to avoid DECLINE.

1 Improve product quality.

2 Add new product features resulting in extra benefits.

3 Penetrate new market.

4 Give incentives to distribution channels.

5Expand the number of your distribution channels.

6 Improve advertising and sales effort.

Here innovation is the lifeblood of marketing. Innovation can be in any of the 4p's of marketing. In connection with the product, it would mean quality improvement or improvement in features. Ultimately, a time may come when the product will have to be removed.

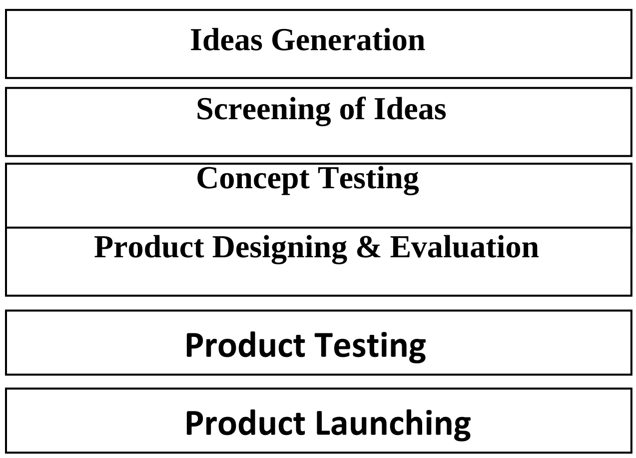
Exercise 1.

Name any product of your choice and segment them in all the stages of the production process.

3.3 **New Product Development Strategy.**

Many products fail, and in order to keep expanding company sales, there is need for a new product. These stages are; ideas generation, screening of ideas, concept texting, product designing and evaluation, product texting and product launching.

Figure 3 Stages in New Product Development.



Generation of New Product Ideas.

The first step obviously is to get ideas with regard to possible new products.

As marketing is aimed at satisfaction of consumer needs, an alert marketer can get some ideas from the customers for possible new products by keeping his eyes and ears open and more particularly the mind to perceive even needs which are so far unexpressed . Thus new ideas can come from the customer needs or problems.

Evaluation or Screening of the Ideas.

This stage deals with the screening of the several ideas now available. This is known as the evaluation or screening of ideas process. Here the ideas must be consistent with the company's philosophy, objectives and strategies and be in terms of the resources available to the organization.

Product Concept Development and Evaluation.

Particularly when the product idea is rather revolutionary, the concept itself must be tested and this must be done in the environment in which the product is sought to be introduced.

Product Designing and Evaluation.

If the product idea or the concept passes the test then the organization proceeds to production stage.

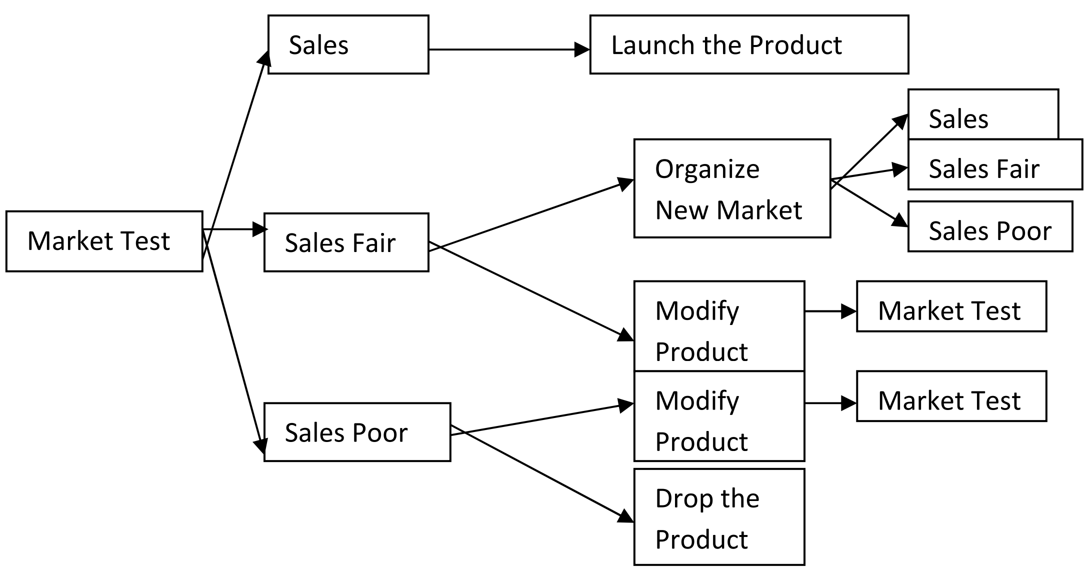
Here prototypes are developed and tested. The test can be done under a laboratory or field conditions. At this stage of the product development, the technical problems if any must be solved. This is because the product must not suffer from complaints regarding quality in use. Here even a small defect might shorten the life cycle of the product as well as spoil the company's image.

Product Testing.

Here a market test should therefore be conducted before launching the product. This will help to find out about the product quality and whether the product can be launched successfully on a commercial scale or not.

Launching the New Product.

The test marketing may show up something as depicted in Figure 4.



It may show that the sales are excellent, in which case the decision of the organization is easy and can now proceed for the product launch. As against this, if it shows that the sales are poor, the product launch can be stopped.

4.0 CONCLUSION

The introduction of a new product is not an easy decision. It has to be weighed very carefully in terms of possible markets, the costs involved and potential profits.

5.0 SUMMARY

In this unit, the student was informed about the product life cycle concept, marketing mix at different stages, options in decline stage and the new product development strategy.

6.0 TUTOR MARKED ASSIGNMENT.

What are the available marketing strategies at the decline stage of a product life cycle?

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UNIT 6: NEW PRODUCT IDEA GENERATION AND SCREENING

CONTENTS

1.0 INTRODUCTION

Firms are constantly developing new products as a means of improving their product mix to meet up with changes in consumer tastes, technology, and competition. However it should be note that developing and introducing new products is not an easy thing and can be very risky, yet it is something that a firm has to do because failure to introduce new products can have advance effect on firms' performance. In this unit, we shall discuss idea generation and screening phases of new product development.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- Explain what idea generation in new product development is all about, and
- Describe screening strategies adopted in new product development.

3.0 MAIN CONTENT

3.1 The meaning of new product

The term new product has different meanings. It could be an original product that a firm has just been developed through its research and development efforts. It could as well be products that have received improvements or modifications. According to Kotler and Armstrong (1996) a firm can obtain new products in two ways. One is through acquisition-by having a whole company, a patent, or a license to produce someone else's product. The other is through new product development through the company's own research and development department. A New product therefore could be product that has undergone innovations and as such has never been sold by any organization.

3.2. Idea Generation

The first step in new product development is idea generation. To be successful, business organizations seek for product ideas that will enable them to achieve their objectives. This process of identifying new product ideas is the idea generation step. The process involves generating many ideas from which the company will chose the ones that best meet the company's objectives. According to Pride and Ferrell (2011), the fact only a few ideas are good enough to be successful commercially underscores the challenge of the task. Although some organizations get their ideas almost by chance, firms that try to manage their product mixes effectively usually develop systematic approaches for generating new product ideas. The process of generating new product ideas should be orderly. Management can be of great help by developing strategies that will help their organization make the best choice of their new products.

There are several sources of new product ideas. One of the sources of new product ideas is internal source. New product idea could come from within the company. It can come through the company's research and development efforts. The company's scientists, engineers, and manufacturing unit, marketing managers, researchers, sales people, or other personnel can generate new product ideas. Employees may be motivated to suggest new product ideas through suggestion boxes.

New product ideas may also come from sources outside the organization, (external sources). Customers, suppliers, competitors, distributors, advertising agencies, management consultants, and other research organizations can make inputs into an organization's search for new product idea generation. Companies always analyze customer complaints or supplier ideas to discover new product ideas. New product ideas could also be identified by analyzing competitors. To do this, the company can watch competitors' products to get more clues about them. Companies may buy competing new products, take them apart to see how they work, analyze their sales, and decide on how to bring out a new product of its own.

3.3 Idea screening

The Idea screening phase involves selecting the ideas with the greatest potentials for further review. In the idea generation stage a large number of ideas may have been generated, the purpose of the screening stage is therefore to reduce the number. At this stage good ideas are spotted while poor ideas are eliminated. In this phase, product ideas are analyzed to know whether or not they meet the organization's goals and resources. The organization's capacity to produce and market the products is also determined. Furthermore, the nature and wants of buyers and possible environmental changes are also considered.

Some organizations require their managers to list new product ideas on a standard form, which will be reviewed by a new product committee. Their work may include describing the product, the target market, and the competition. The committee makes some rough estimates of the market size, product price, development time and costs, manufacturing costs, and rate of return. The committee then evaluates the idea against a set of general criteria. Questions to be raised by the committee may include is the product truly useful to consumers and the society? Is it good for our particular company? Does it mesh well with the company's objectives and strategies? Do we have the people, skills, and resources to make it succeed? Does it deliver more value to customers than competing products? Is it easy to advertise and distribute?

A checklist of new-product requirements may be used when undergoing screening decisions. The practice encourages evaluators to be systematic and thus reduces the chances of overlooking some pertinent fact. The product screening phase is very critical in new product development. It is at this point that the highest numbers of new product ideas are dropped thereby saving cost of generating a product that may not contribute much to the success of the organization.

4.0 CONCLUSION

In this unit you have learnt what is involved in the idea generation and screening phases of new product development. We have noted the both phases are critical for the success of a new product development. Organizations can save a lot of costs if these phases are well carried out in that it will enable them not to develop products that may not meet their objectives.

5.0 SUMMARY

The idea generation phase of new product development is the company's search for new product ideas. It involves generating many new product ideas that will undergo further screening. There are both internal sources and external sources of new product development. Internal sources may be generated by the company's research and development, marketing managers, sales personnel, engineers, and other employees. The external sources may come from the company's customers, suppliers, competitors, distributors and others. The screening phase involves selecting the ideas with the greatest potential among the ideas generated during the idea generation phase. To undergo a successful screening exercise, a check list that is in line with the company's strategy may be used.

6.0 TUTOR MARKED ASSIGNMENT

1. Discuss the sources of new product idea generation.
2. Why do you think that the idea generation and screening phases of new product development are important to organizations?

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UNIT 7: CONCEPT TESTING AND PRODUCT DEVELOPMENT

CONTENTS

1.0 INTRODUCTION

Concept testing, business analysis and product developments phases are crucial aspects of new product development. For effective evaluation of product ideas, there will be the need to test the concept before launching the new product. The product idea will also need to be evaluated and eventually developed. In this unit we shall examine the concept testing and the product development phases of new product development.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- Explain concept testing phase of new product development; and
- Describe the product development phase of new product development.

3.0 MAIN CONTENT

3.1 Product Concept Testing

A concept is an idea of something. A good product idea must be developed into a product concept. At this point, let us distinguish between a product idea, a product concept, and a product image. A product idea is an idea for a possible product that the company can see its self offering to the market. A product concept is a detailed version of the idea stated in meaningful consumer terms. In other words, it is the idea that consumers will favour products that offer the most quality, performance, and features and that the organization should therefore devote its energy to making continuous product improvements (Kotler and Armstrong (1996). Product testing is therefore an evaluation of the product concept to determine its acceptability. It entails testing new product concept with groups of target consumers .A product image is the way consumers perceived an actual or potential product

At the concept testing stage, a sample of potential buyers is presented with a product idea through a written, oral description or even drawings with a view to evaluating their responses and their initial buying intentions towards the product. According to Pride and Ferrell, (2011) for a single product an organization can test one or several concepts of the same product. Concept testing is a low –cost procedure that allows a company to determine customers' initial reactions to the product idea before it invests considerable resources in research and development process. The idea of concept testing is to help the product development personnel to better understand which product attributes and benefits are most important to potential customers.

The process of concept testing involves describing briefly the concept and then a series of questions are tabled. The questions vary considerably depending on the type of product being tested. Typical questions asked according to Pride and Ferrell, (2011) are: In general, do you find this proposed product attractive? Which benefits are especially attractive to you? Which features are of little or no interest to you? Do you feel that this proposed product would work better for you than the product you currently use? Compared with your current product, what are the primary advantages of the proposed product? If this product were available at an appropriate price, would you buy it? How often would you buy this product? How could this proposed product be improved? The answers to these questions will help the company to decide which concept has the strongest appeal. The responses may assist the company to estimate sales volume.

Once a company has decided on its product concept and marketing strategy, it can then consider a business analysis which involves a review of the sales, costs, and profit projections for a new product to find out whether they satisfy the company's objectives. If they do, the product can move to the product development stage.

3.2 Product Development

It should be noted that so far that, the product may have existed only as a mere word description, a drawing, or perhaps a crude mockup. Once the product concept passes the business test, it moves into product development stge. At this point, the company's R&D or engineering develops the product concept into a physical product. The product development is the phase in which the organizations determines if it is technically feasible to produce the product and if it can be produced at costs low enough to make the final price reasonable. To test its acceptability, the idea or concept is converted into a prototype, or working model. The prototype should reveal tangible and intangible attributes associated with the product in consumers' minds. The product's design, mechanical features, and intangible aspects must be linked to the marketplace. Through marketing research and concept testing, product attributes that are important to customers are identified. These characteristics must be communicated to customers through the design of the product.

After a prototype is developed, its overall functioning must be tested; its performance, safety, convenience, and other functional qualities are tested both in a laboratory and in the field. Functional testing should be rigorous and lengthy enough to test the product thoroughly. Manufacturing issues that come to light at this stage may require adjustments.

A crucial question that arises during product development is how much quality to build into the product. For example a major dimension of quality is durability. Higher quality often calls for better materials and more expensive processing, which increases production cost and ultimately the product's price. In determining the specific level of quality, a marketer must ascertain approximately what price the target market views as acceptable. In addition a marketer usually tries to set a quality level consistent with that of the firm's other products. Obviously the quality of competing brands is also a consideration.

4.0 CONCLUSION

The concept testing and product development phases are important issues that a company must consider and should be taken seriously. An effective concept testing and product development can give a company a competitive advantage that it can utilize in the market place.

5.0 SUMMARY

In this unit we have discussed what is involved in new product concept testing and product development. We saw that in concept testing a small sample of potential buyers is presented with a product idea through a written or oral description to determine their responses and reactions towards the proposed product. The product development phase involves the actual development of the product which will be tested in the market place.

6.0TUTOR- MARKED ASSIGNMENT

1. Discuss the issues involved in concept testing and product development.

7.0 REFERENCES/FURTHER READING

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UNIT 8: NEW PRODUCT POSITIONING

CONTENTS

1.0 INTRODUCTION

Product positioning is an important phase in new product development. In this unit we shall consider the meaning of product positioning, perceptual mapping, bases for positioning and repositioning.

2.0 **OBJECTIVES**

At the end of this unit, you should be able to:

- Explain product positioning;
- Discuss Perceptual mapping;
- Bases for positioning; and
- Repositioning.

3.0 MAIN CONTENT

3.1 The Meaning of Product Positioning

Product positioning refers to the decisions and activities intended to create and maintain a certain concept of the firm's product in customers' minds. When marketers introduce a product, they try to position it so that it appears to have the characteristics that the target market most desires. This project image is crucial.

3.2 Perceptual Mapping

A product's position is the result of customer' perception of the product's attributes relative to those of competitive brands. Buyers make numerous purchase decisions on regular basis. To avoid a continuous reevaluation of numerous products, buyers tend to group, or" position", products in their mind to simplify buying decisions. Rather than allowing customers to position products independently, marketers often try to influence and shape consumers' concepts or perceptions of products through advertising. Marketers' sometimes analyze product positions by developing perceptual maps. Perceptual maps are created by questioning a sample of consumers about their perception of products, brands, and organizations with respect to two or more dimensions. To develop a perceptual map, respondents would be asked how they perceived selected the product in regard to price and the function of the product. In this way marketers can see how their brand is perceived by the consumers.

3.3 Bases for positioning

Marketers can use several bases for product positioning. A common basis for positioning product is to use competitors. A firm can position a product to compete head on with another brand, as Pepsi has done against Coca-Col, or to avoid competition as 7UP has done relative to other soft drink producers. Head to head competition may be a marketer's positioning objective if the product's performance characteristics are at least equal to those of competitive brands and if the product is priced lower. Head to head competition positioning may be appropriate even when the price is higher if the product's performance characteristics are higher.

A product's position can be based on specific product attributes or features. If a product has been planned properly, its features will give it the distinct appeal needed. Style, shape' construction, and color help to create the image and the appeal. If buyers can easily identify the benefits, they are of course, more likely to purchase the product. When the product does not offer certain preferred attributes, there is room for another new product .Other bases for product positioning include price, quality level, and benefits provided by the product.

3.4 Repositioning

Positioning positions are not just for new products. Evaluating the positions of existing products is important because a brand's market share and profitability may be strengthened by product repositioning. Repositioning can be accomplished by physically changing the product, its price, or its distribution. Rather than making any of these changes, marketers sometimes reposition a product by changing its image through promotional efforts. Finally, a marketer may reposition a product by aiming it at a different target market.

4.0 CONCLUSION

The topic has provided you with some information about product positioning. We have noted that marketers use many bases for positioning products to the users of the product. Firms proceed very carefully in positioning their products in that it will determine its success in the market place.

5.0 SUMMARY

Product positioning entails launching the product in the market place. There several methods that firms use to position its products in the market place. Companies can use its competitors and position products that will compete with another firm's existing product. Other bases may include price, quality, product attributes or features. And benefits provided by the product.

6.0 TUTOR MARKED ASSIGNMENT

Discuss the different methods in which firms use to position their products in the market place.

7.0 REFERENCES/FURTHER READING

Kerin, R. A., Hartley, S.W., Berkowitz, E. N. and Rudelius, W. (2006) Marketing, Boston, McGraw-Hill.

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UNIT 9: PACKAGING AND MARKETING STRATEGY

CONTENTS

1.0 INTRODUCTION

A package is the physical container or wrapping for a product. Developing a product's package is an integral part of product planning and promotion. It is estimated that ten percent of a product's retail price is spent on developing, designing, and producing just the package.

In the past the purchasing agent was used to be in charge of packaging in many companies when protection was the major function of the package. But now, some companies are establishing corporate packaging staff. In some, the product manager or a specialist in packaging has taken over the job.

Packaging occurred in part because of the growing competitiveness in many markets. The status of specialists in packaging also reflects the costliness of packaging errors and the difficulty of correcting them. A poor package could have long-term effects, killing the product for customers who try it and creating ill will among middlemen. In other words, packaging can have great marketing strategic importance.

2.0 OBJECTIVES

At the end of the reading of this unit, the reader should be able to:

- Understand the meaning and strategic importance of packaging

- Identify the functions of packaging
- Understand the process of packaging decisions
- Identify some contemporary packaging issues.

3.0 MAIN CONTENT

3.1 The Marketing Strategic importance of Packaging

Strategic planning tries to match target market needs and attitudes with the marketing mix offered and packaging is definitely a part of the mix. In some cases, it may be a vital part. A new package can become the major factor in a new marketing strategy by significantly improving the total product. A better box, wrapper, can or bottle, may even enable a relatively small, unknown firm to compete successfully with the established competitors.

A new package change often creates a (new) product by giving either the regular customers or new target markets the existing product in a new form or quantity that is more satisfactory. Packaging frozen vegetables in 1 liter instead of 10 milliliter package served larger families better. The small package held too little for them, while two packages held too much.

Some producers are carving large turkeys into parts to stimulate year-round sales. Multiple packs can be the basis of a new marketing strategy too. Consumer surveys showed that some customers were buying several units at a time of products such as soft drinks, beer and frozen orange juice. This suggested an overlooked market. Manufacturers tried multiple packaging of units in 4-, 6- and 8-packs and have gained wide acceptance.

Better protective packaging is especially important to manufacturers and wholesalers, who may have to absorb the cost of goods damaged in transit. Sometimes the cost of such damage can be charged to the transportation agencies. Moreover, goods damaged in shipment may delay production or cause lost sales.

Packaging is vital to retailers. They benefit from both the protective and promotional aspects of packaging. Packaging which provides better protection, supermarket operators claim, can reduce store costs by lessening breakage, shrinkage and spoiled, preventing discoloration and stopping pilferage. Packages that are easier to handle can cut costs by speeding price marking, improving handling and display, and saving space. Packaging can increase sales by such promotionally-oriented moves as offering smaller or larger sizes more multipacks, better pictures of the product itself, illustrations of the product in use and more effective use of color. Packaged goods are regularly seen in retail stores and may actually be seen by many more potential customers than the company’s advertising. An effective package sometimes gives a firm more promotional impact than it could possibly afford with conventional advertising efforts.

Promotionally-oriented packaging also may reduce total distribution costs. An attractive package may speed turnover so that total costs will decline as a percentage of sales. Rapid turnover is one of the important ingredients in the success of self-service retailing. Without packages that sell themselves, self-service retailing would not be possible.

In other cases, total distribution costs may rise because of packaging and yet everyone may be satisfied because the packaging improves the total product, perhaps by offering much greater convenience or reducing waste.

Packaging expenses as a percentage of the manufacturer's selling price vary widely, ranging from 1 to 70 percent. Consider sugar as an example. In 100 gram bags, the cost of packaging sugar is only 1 percent of the selling price, in 2 – to – 5 gram cartoons, 25-30 percent, and for individual serving envelopes 5- percent. Yet most customers do not care to haul a 100 – gram bag home, and are quite willing to pay for more convenient packages. Restaurants use one serving envelopes of sugar, finding that they reduce the cost of filling and washing sugar bowls and that customers prefer the more sanitary little packages. In both cases, packaging adds value to the total product – or more accurately, it creates new products and new marketing strategies.

3.2 Functions of Packaging

A package does much more than hold a product; it is also a selling tool. Companies take great care when designing or redesigning their products' packages. Packaging fulfills several functions, including promoting and selling the product, defining product identity, providing information, expressing benefits and features, ensuring safe use, and protecting the product, among others.

Promoting and Selling the Product:

Customer reaction to a product's package and its brand name is an important factor in its success or failure in the marketplace. Attractive, colorful, and visually appealing packages have promotional value and can carry important messages about the product's performance, features, and benefits. Sometimes marketers package or bundle two or more complementary products or services together in one package. The practice of packaging different products and services together is known as mixed bundling. Usually the mixed bundled price is cheaper than purchasing products separately. Price bundling occurs when two or more similar products are placed on sale for one package price. A container's design can minimize sales lost to competitors' products. It can even create new sales opportunities.

Defining Product Identity:

Packages are often used to promote an image such as prestige, convenience, or status. The package distinguishes one brand from another. The size, colour, design, material etc. used in each package creates difference and thus it avoids any kind of confusion.

Providing Information:

A package provides information for the customer. Many packages give directions for using the product and information about its contents, product guarantees, nutritional value, or potential hazards.

Expressing Customer Needs:

Product packages often come in various sizes to meet the needs of different market segments. Family packs are designed to meet the needs of larger families, while smaller packages are made for individuals. Both products and package designs must also keep up with changing lifestyles.

Ensuring Safe Use:

A package can also improve product safety for the customer. For example, many products formerly packaged in glass now come in plastic containers. To avoid misuse or product tampering, many nonprescription drugs, cosmetics, and food items are now sold in tamper-resistant packages such as blisterpack, jars and plastic containers with sealed lids. Blisterpacks are packages with performed plastic molds surrounding individual items arranged on a backing. Countless other products are packaged in childproof containers. These feature lids that are more difficult to open, thereby reducing the chances of accidental spills and poisonings.

Protecting the Product:

In addition to helping sell the product, a package must also protect a product during shipping, storage, and display. The package design should also prevent or discourage tampering, prevent shoplifting, and protect against breakage and spoilage. Airtight containers are especially important with perishable food products such as cheese or lunch meat.

3.3 Packaging Decisions

Decisions taken in respect of desired and acceptable kind of product package are known as packaging decisions. When a marketer wants to design a new product package or redesigning an existing one, he has to make his decision on the following points:

1. Package Design: Package design decision depends on the type of material to be used for packaging, the brand name or trademark on the packaging, the matter to be printed on the packaging, the colour to be used, and the design of the package. In addition, convenience of consumers and middlemen, cost of packaging, nature of product, size of packaging, legal requirements etc should also be considered in details. Materials used must be

pollution-free, attractive and unique. Design should facilitate activities of storage, transportation and distribution.

2. Package Size: The size (and shape) of the package depends to a large extent on the buying habits of the consumers. Therefore, consumption research must be conducted before deciding on the package size. Generally, products are available in small, medium and large sizes to facilitate buying. Women like round or curved package shapes, whereas men like rectangular shapes.
3. Package Cost: Package costs should be minimal but such decisions should not bring down the usefulness of the package. Costs get compensated by reduction in transport, warehousing and handling expenses. Multiple packaging also helps in reducing cost. Costlier packages are usually necessary for fragile and luxury products.

3.4 Contemporary Packaging Issues

Product packaging offers companies unique opportunities to incorporate the latest technologies and address lifestyle changes as well as environmental, social, and political concerns.

Aseptic Packaging:

Aseptic packaging incorporates a technology that keeps foods fresh without refrigeration for extended periods. The process involves separately sterilizing the package and the food product, and filling and sealing the package in a sterile environment. Canning and bottling are aseptic methods of food storage.

Environmental Packaging:

Companies are trying to develop packages that respond to consumer demand for environmentally sensitive designs. Recent public opinion surveys show more support for less wasteful packaging. People are even willing to pay more for products that reduce waste. In response to consumer concern, companies are making more packages that are reusable, recyclable, and safer for the environment. Many companies that manufacture spray products such as hair products, air freshener, and paint have switched from using aerosol cans to pump dispensers, which do not release ozone-destroying chlorofluorocarbons, or CFCs, into the atmosphere.

Cause Packaging:

Some companies are also using their packages to promote social and political causes. This practice is known as cause packaging. The issues on the packages may be totally unrelated to the products inside. Printing messages on packages encourages consumers to participate in or think about issues. In many ways, cause packaging is also a company’s attempt to differentiate its products from those of its competitors.

4.0 CONCLUSION

Packaging and marketing strategy can create a new total product. Variations in packaging can make a product saleable in various target markets. Marketing strategy can be used by the marketer in creating and building a customer franchise for a given product.

A specific package must be developed for each product. Both under-packaging and over packaging can be expensive. Although the final customer remains the ultimate factor, the packager also must remember the needs of wholesalers and retailers. A small retailer might prefer smaller package units that a supermarket operator would resist. Both promotional and protective packaging can cut total distribution costs.

5.0 SUMMARY

A total product is much more than a physical product. If a product is involved, it probably needs packaging. Further, physical products and services probably should be branched to make sure that they are clearly identifiable and that satisfied customers will know what to ask for next time. There is much more to packaging and marketing strategy than just buying a cardboard box and sticking on the company's name. In some cases, the packaging and marketing strategy decisions may be more important than physical product decisions. They enable a firm to differentiate its homogeneous physical product or service and avoid pure competition. They may sell the product.

Sometimes a distinction is made between packing and packaging – the former being concerned with protection and the latter with promotion. The importance of packaging is partially illustrated by its cost. The actual cost of packaging might be twice as high, if all costs of handling, storing and moving containers were included. Those rising outlays for packaging are due in part to a shift from an earlier emphasis on protection to the current interest in protection and the promotional potential of the package.

6.0 TUTOR MARKED ASSIGNMENT (TMA)

1. What is packaging? And discuss the functions.
2. What are some of the marketing strategic importance of packaging?

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UNIT 10: ORGANIZING FOR PRODUCT MANAGEMENT

CONTENTS

1.0 INTRODUCTION

Fundamentally, the role of product management spans many activities from strategic to tactical— some very technical, others less so. The strategic role of product management is to be messenger of the market, delivering information to the departments that need market facts to make decisions. This is why it is not surprising that 8% of product managers report directly to the CEO, acting as his or her representative at the product level. Companies that do not see the value of product management go through a series of expansions and layoffs. In this unit of the course you are going to be exposed to the nature of product management, traits that project management should master,

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- Explain the term product management
- Mention and discuss the top five Project Management Traits to Master.
- Analyze the place of Project Management in an Organization.

3.0 MAIN CONTENT

3.1 Understanding the Concept of Project Management

Product management is a well-understood role in virtually every industry except technology. In the last ten years, the product management role has expanded its influence in technology companies yet we continue to hear the question, “Who needs product management?”

The role of product management spans many activities from strategic to tactical— some very technical, others less so. The strategic role of product management is to be the messenger of the market, delivering information to the departments that need market facts to make decisions.

This is why it is not surprising that 8% of product managers report directly to the Chief Executive Officer (CEO), acting as his or her representative at the product level.

Companies that do not see the value of product management go through a series of expansions and layoffs. They hire and fire and hire and fire the product management group. These same companies are the ones that seem to have a similar roller-coaster ride in revenue and profit. However, over the years we have seen extensive evidence that product management is a role that can even out the ups-and-downs and can help push a company to the next level of performance.

3.2 The Top Five Project Management Traits to Master "the How"

According to Joli Mosier, in project management, people tend to focus on the method. And there is no shortage of methods (Six Sigma, Scrum, Waterfall). The method is what of project management and is often at the core of an effectively run project. But the method can only take your project so far.

Really, it is the approach, or the how, that separates great projects from the merely good. And lets great project managers' rise above the rest. The good news is that there is an effective approach to complement any method.

The how permeates every aspect of a project. It is the way you communicate, the way you solve problems, the way you lead. You may have a full tool kit of project templates with orderly steps to follow, but if you cannot effectively solve a problem with efficiency, competence, and finesse, your tool kit is not going to be worth as much. After many years of real world experience, our team has learned that the how is what creates client satisfaction.

Here are the top five traits of project management you need to master:

1. **A collaborative management style.** A collaborative management style engages the project team and key stakeholders in problem solving and decision making. Words like "trust", "buy-in", "ownership", are used consistently.
2. **Adaptability.** An effective project manager is one that can quickly assess a new situation and adapt to the existing situation. If structure is needed, then add structure. If the project pace is fast, adopt a fluid approach. And so on.
3. **Figure-it-out resourcefulness.** As a project manager, you are often not the subject matter expert (SME) on any given project. You probably rely on others to bring important knowledge and know-how to the table. A good project manager is creative, tenacious, and knows how to use SMEs and other resources effectively. They also know that the best results often emerge from out-of-the-box thinking and they will to try, and try again.

4. **Highly developed communication skills.** Communication is king for project managers. To succeed, you need to excel in all aspects of communication. For example, knowing when it is appropriate to pick up the phone, send an email or request a face-to-face discussion. Or knowing how to engage with an executive or motivate a team member. Every team and every project is different, so you must be able to customize your style to their needs.
5. **Flexibility.** You have heard it a million times: the only constant is change. But how you handle change can make or break any experience, and any project. Flexibility engenders creative thinking, which no project could succeed without. When you stay open, people and their ideas feel welcome. But if you become too rigid, the flow stops flowing. The whole project dynamic can percolate with enthusiasm or fizzle with frustration depending on your flexibility as a leader.

3.3 Where Does Project Management Belong In An Organization?

Many CEOs realize product management brings process and business savvy to the creation and delivery of products. Perhaps that is why we have seen a shift over the years of where product managers report in the organization. Many organizations put the job within another department.

In Pragmatic Marketing's Annual Survey:

• 36% are in Product Management

• 21% are in Marketing

• 12% are in Development or Engineering

• 6% are in Sales

Traditional consumer product companies have always considered product management to be a marketing role, which is why it seems to make sense to put product management there. And it does make sense—if the marketing department is defining and delivering products and not just promoting them. Alas, as we explored earlier, many technology companies consider the term “marketing” to be synonymous with “marketing communications.” So if the Marketing department is only about delivering products but not defining them, product managers should be elsewhere.

For technology companies, particularly those with enterprise or B2B products, the product management job is very technical. This is why we see many product managers reporting to Development or Engineering. However, we’ve seen a shift away from this in recent years, from 19% in 2001 to 12% in 2008. The problem appears to be that technical product managers spend so much time writing requirements that they don’t have time to visit the market to better understand the problems their products are designed to solve. They spend so much time building products that they are not equipped to help deliver them to the market. How a market-driven focus leads companies to build products people want to buy Very few product managers find themselves in a Sales (or Sales & Marketing) department. From 10% in 2001, the percentage of product managers in Sales has slipped to 6% in 2008. It seems clear that product managers in Sales will spend all of their time supporting sales people with demos and presentations. The product manager becomes the sales engineer.

In effect, subordinating product management relegates it to a support role for the primary goal of the department. Managers and department heads have a natural inclination to support their primary department’s role. The Managers of Development, primarily responsible for delivering products, tends to use product managers as project managers and Development gofers. The Managers of Marketing owns collateral, sales tools, lead generation, and awareness programs. So this manager often uses product managers as content providers to Marketing Communications. And the managers of Sales, focused on new sales revenue, uses product managers to achieve that goal; product managers become “demo boys and demo girls” who support sales people one deal at a time.

In Management Challenges for the 21st Century, Peter Drucker tells us that organization charts really do not fix problems; process and personnel problems are never solved by a re-org. The truth is, it does not matter where product management reports. What matters is how the head of the organization holds product management accountable. In other words, what does “success” look like for a product manager?

As companies grow larger and become more mature, the company president needs someone thinking about the products we ought to be offering and new markets we could serve. In other words, the company needs someone thinking about the future of the product.

We already have people focused on product, promotion, and place. Who—if anyone—is identifying market problems for the next round of products? Who are the managers of Market Problems?

3.3.2 And what result does the company General manager want from Product Management?

Increasingly we see companies creating a manager of Product Management, a department at the same level in the company as the other major departments. This manager focuses the product management group on the business of the product. The product management group interviews existing and potential customers, articulates and quantifies market problems in the business case and market requirements, defines standard procedures for product delivery and launch, supports the creation of collateral and sales tools by Marketing Communications, and trains the sales teams on the market and product. Product Management looks at the needs of the entire business and the entire market.

Recognizing that existing and future products need different levels of attention, some companies split the product management job into smaller bits: one group is responsible for next year's products while another group provides sales and marketing support for existing products. These companies often add a product marketing component to the marketing communications effort, supporting them with market information and product content. As we grow ever larger, the product marketing role expands further: we still need a group defining our go-to-market strategy and providing content to Marketing Communications, but now we also need more marketing assistance in the field. So field marketing is born: product marketing people in the sales regions who create specific programs for all of the sales people in a given geographic area.

In summary, product management needs to focus on market problems. Subordinating the role to other departments usually forces product management to support the primary needs of that department, to the detriment of spending time looking forward beyond the next cycle of activity. In a Product Management department focus can remain on market problems and future opportunities.

4.0 CONCLUSION

You need product management if you want low-risk, repeatable, market-driven products and services. It is vastly easier to identify market problems and solve them with technology than it is to find buyers for your existing technology.

5.0 SUMMARY

Product management is a game of the future. Product managers who know the market, identify and quantify problems in a market segment. They assess the risk and financials so the company can run as a business. They communicate this knowledge to the departments in the company that need the information, allowing products and services to be built which solve a known problem and expand the customer base profitability. And they show their expertise to the outside world by engaging the market with smart ideas. Companies fail when employing market without marketing, when worrying more about promotion than problem, when focusing more on selling than solving. That is, failure is likely when delivering products without market knowledge. We should rely on product management to focus on next year and the year after. To be thinking many moves ahead in the roadmap instead of only on the current release.

6.0 TUTOR-MARKED ASSIGNMENTS

1) Give details of traits of project management you need to master

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UNIT 11: LABELING

CONTENTS

1.0 INTRODUCTION

Labeling is a significant means of product identification much like branding and packaging. Labeling is the act of attaching or tagging labels to the products. Packages and their labels should give buyers accurate and up-to-date information as to the contents and necessary guidance regarding the use of the product. Packaging process completes only after giving proper label to it. It means labeling is an integral part of the packaging. In short, labeling means putting identification marks on the package.

2.0 OBJECTIVES

At the end of the reading of this unit, the reader should be able to understand:

- The meaning of labeling
- The role of culture in globalization of economic activities

- The different dimensions of culture and how they affect strategic choices of globalization.

3.0 MAIN CONTENT

3.1 Meaning of Label

A label is an information tag, wrapper, seal, or imprinted message that is attached to a product or its package. It contains verbal information like contents, price, name and place of manufacturer, brand name, manufacturing and expiry dates and other beneficial and necessary information. The main function of a label is to inform customers about a product's contents and give directions for use. Labels also protect businesses from legal liability if a consumer is injured during the use of its product. Fear of litigation, consumer pressure, government regulation, and concern for consumer safety are all factors that have compelled manufacturers to place more detailed information on labels.

3.2 Types of Label

There are three kinds of labels: brand, descriptive, and grade.

Brand Label: The brand label gives the brand name, trademark, or logo. It does not give any other information regarding the product. This type of label is the part of the product or package and generally attached in front of the product or package. Brand labels are small in size but of good quality. They are exclusively meant for identifying the product and popularizing the brand name of the manufacturer. Although this is an acceptable form of labeling, it does not supply sufficient product information.

Descriptive Label: A descriptive label gives information about the product's use, construction, care, performance, and other features. For example, food labels include product illustrations, weight statements, dating and storage information, ingredients, product guarantees, and the manufacturer's name and address. Product illustrations must represent what is in the package. Weight statements give the net weight of the entire product minus the package or liquid in which it is packed. Date and storage information is necessary for food items. Date information includes the "packed on" date, the "sell by" date, the "best if used by" date, and the expiration date.

Storage information tells how the product should be stored to have the least waste and best quality. Descriptive labels do not necessarily always contain all the information that consumers need when making a buying decision. Nonfood labels usually provide consumers with instructions for the proper use and care of products. They also give manufacturers a convenient place to communicate warranty information and product use warnings. Notices of electrical hazard, flammability, and poisonous ingredients are requited on the labels of certain categories of products. Due to increased international business, labels might contain symbols in addition to words. These symbols give graphic instructions on how to wash, cook, or care for the product. The manufacturer's name and address is provided so consumers can write for more information or to register a complaint. Many packages include the company's Web address, encouraging consumers to visit for more information. Some labels include a customer service phone number that consumers can contact for questions or problems.

Grade Label: A grade label states the quality or the standard of the product. Grade labels are simple and small in size. When a manufacturer produces many types of a product, he uses grade labels to describe the type of the product. For example, eggs are grade-labeled AA, A, and B; and canned fruit is often grade-labeled A, B, or C. Others include Fancy, Imported, Large, Medium, Small, Deluxe model, King-size, Euro II, Leaf Tea, Dust Tea, Tea Bags, Double-refined oil etc.

Combination Labels: These are labels which include more than one type of either brand, descriptive or grade label. Use of such labels is rapidly increasing.

3.3 Advantages of Labeling

The following serve as advantages of labeling:

1. A label describes the product specialties which make the product a quick-mover. For example, products having reputed labels like Nike, Sony, Liberty etc. are easily accepted by the buyers without confusion.
2. A label provides sufficient information about the product to the user. For example, a bottle containing poison, if not labeled, fails to tell about its contents.

3. A label is a strong sales tool that encourages self-service operations because labels provide almost all the relevant information to the buyers which helps in their buying decisions.
4. A label helps in avoiding the unwanted confusion among competitive products available in the market. This fact is of special importance in case of medicines and chemicals where even a spelling mistake prove fatal to the users

3.4 Significance of Labeling

Labels perform the promotional as well as informational function. For example, processed foods, patent drugs, cosmetics, textiles and other products are required by law to carry a fairly complete idea about their ingredients. Safety warnings are also necessary on labels of all electric and potentially hazardous products or packages. It is obligatory on the part of the manufacturers to show details about the identity of the commodity, its weight, quality, batch number, date of manufacturing etc. These provisions of the law are carried out with the help of labeling. Labels of big companies not only ensure good quality but also give mental satisfaction to the consumers. That is why; nowadays hardly anything passes on from manufacturers to consumers without labeling. Labeling is the best way of product identification.

In the past, the public has criticized companies for failing to offer complete and truthful information on product labels. Consumers also complained about the lack of uniformity in labeling. As a result of these complaints and concerns, labeling laws were established. Many package labels must now meet local, state and federal standards. Federal mandates require that the name and address of the manufacturer, packer, or distributor and the quantity of contents appear on labels. These standards prevent manufacturers from misleading consumers with deceptive or incomplete packaging labels.

4.0 CONCLUSION

Label is a part of product, which carries verbal information about the product or seller. It may be a small slip or a printed statement. It enables the producer to give a clear instruction about the users of product. Price variation caused by middlemen is avoided if price is maintained and printed. Manufacturer-buyer relation is established. Also it encourages producers to make only standard products. Buyers can easily identify the products.

5.0 SUMMARY

A label may be a part of a package or it may be attached to the product. It conveys verbal information about the product and seller. Labels are classified into brand labels, grade labels and descriptive illustrative labels. They can also be a combination of two or more of the different types. Labels play a significant role or purpose in packaging of products or services. Part of which is to bring home the product features, to facilitate the exchange process, to encourage self-service, and to provide information on product related services like product support services, product credit services and product guarantees and warranties.

6.0 TUTOR MARKED ASSIGNMENT (TMA)

3. What is a label? And discuss the different types.
4. What are some of the advantages of labeling?

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Unit 12: PRE-TEST MARKET MODELS

CONTENTS

1.0 INTRODUCTION

The substantial failure rate of new packaged goods in test markets has stimulated firms to seek improved methods of pre-test-market evaluation. Therefore, this unit is set to present to you a set of measurement procedures and models designed to produce estimates of the sales potential of a new packaged good before test marketing is presented. A case application of the system will also be discussed.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- Identify factors that prompts pre-test market
- Explain measurement procedures and models designed to produce estimates of the sales potential of a new packaged good before test marketing.
- Explain objectives and structure of ASSESSOR

3.0 MAIN CONTENT

3.1 Test-marketing: An introduction

Test marketing is a familiar step in the development of new packaged goods, i.e., branded, low-priced, frequently purchased consumer products. Experimental launchings of new products are intended to expose problem that otherwise would be undetected until full-scale introductions are underway. Although test marketing is commonplace, deciding if and when it should be used in particular cases is a perplexing and controversial management problem. The substantial failure rate historically observed among new packaged goods placed in test markets, plus the high and ever-rising direct cost of such activities, have stimulated firms to seek ways to perform more thorough evaluations of new products before embarking on test marketing programmes.

3.2 Problem Descriptions

3.2.1 Test Marketing

Manufacturers of packaged goods have come to rely on a fairly common set of measurement methods for assessing consumer response to a new product. The typical approach includes (1) concept and positioning tests, (2) product usage tests, and (3) test marketing. The last step constitutes the final integration and evaluation of the product formulation and the various elements of the marketing plan designed to implement the desired positioning strategy.

The design and scale of test market operations for new products depend on the specification of purpose in terms of estimation and experimentation. The objective of test marketing is sometimes primarily to obtain an estimate of the market share and/or sale volume that would be realized if the new product were launched nationally. In other cases the aim may be to evaluate alternative marketing mix strategies, and hence the test marketing program involves a true experiment. A recent survey of the test marketing practices of "28 major consumer grocery and drug product companies" in the U.S. found that the "norm" was to run a test market in three areas for 10 or 11 months. Over a three-year period, these firms had averaged three test marketing programs each per year. The costs of such efforts are considerable and have been enormous.

In 1967 the "going rate" for a year-long test in several markets was reported to be $500,000 161. Today the comparable figure appears to be nearly a million dollars and the authors are familiar with several three-city test marketing programs that involved outlays of $1,500,000.

Even more than the costs, what has motivated closer scrutiny of test marketing practices is recognition of the distressingly high probability that such an undertaking will lead to the detection of a new product failure rather than a success. A review of the limited data available suggests that either outcome is equally likely. In 1961 and again in 1971, the A. C. Nielsen Company reported the "success ratio" of new brands (health and beauty aids, household and grocery products) that had been test marketed through their facilities. The 1961 study included 103 new brands and the 1971 covered 204 items. "Success" was defined by the "manufacturer's judgment of each brand's performance in test"-namely whether or not the brand was launched nationally. Brands withdrawn from test markets or not introduced nationally were considered "failures."

By these criteria, only about half of the new brands test marketed in these two periods were successes (54.4% in 1961, 46.6% in 1971). Similarly, the aforementioned survey of the test marketing practices of 28 major consumer grocery and drug product companies found that in 46% of the 54 specific test market experiences covered by the study, test market sales "fell short of management expectations". In contrast, Buzzell and Nourse observed in their study of the food industry that only 32% of 84 "distinctly new food products" developed in the 1954-1964 period were discontinued after test marketing. This somewhat lower failure rate is probably related to the special character of the sample of products studied-i.e., all were "substantially different in form, ingredients, or processing methods from other products previously marketed by a given company". At the individual firm level, 10-year test market success rates of 46% and 60% have been reported for General Foods in the U.S. and Cadbury in the U.K., respectively. Thus, failure rates ranging from 40 to 60% roughly bracket the publicly reported record of test market experience in the packaged goods field. Besides being an expensive means of detecting new product failures, test marketing involves other problems.

3.3Pre-Test-Market
Evaluations of New Packaged Goods

Test markets have been used variously. These operations typically involve fewer and/or smaller areas, but allow more control over some marketing mix variables than do regular test markets. However, the costs remain substantial (expenditures of $100,000 are common in the United States of America) and the projectability of results to the total market is controversial. A related but essentially different approach operative in Western Europe, the "mini test market", is discussed briefly in the section on design considerations.

Another pre-test-market method for evaluating new packaged goods is the "laboratory" or "simulated" test market.

The basic design concept is to simulate the awareness-trial repeat purchase process by controlled laboratory and product usage tests. Measurements obtained at several points in this process are used to predict steady-state market share for the new brand and to provide diagnostic information.

These ideas form the basis of the work reported here. Brief mention of previous applications of this type of combined laboratory-use test design in commercial marketing research can be found in the literature and several firms are known to offer such services. However, the only detailed account of comparable work known to the authors is in an unpublished paper by Burger who describes the COMP system developed in conjunction with Elrick and Lavidge, Inc. The specific measurements, models, and estimation procedures used in the present study are very different from Burger's.

3.4 Objectives and Structure of ASSESSOR

ASSESSOR is a set of measurement procedures and models designed to aid management in evaluating new packaged goods before test marketing when a positioning strategy has been developed and executed to the point where the product, packaging, and advertising copy are available and an introductory marketing plan (price, promotion, and advertising) has been formulated. Given these inputs, the system is intended to:

1. Predict the new brand's equilibrium or long-run market share.
2. Estimate the sources of the new brand's share-"cannibalization" of the firm's existing brand(s) and "draw" from competitors' brands.
3. Produce actionable diagnostic information for product improvement and the development of advertising copy and other creative materials.
4. Permit low cost screening of selected elements of alternative marketing plans (advertising copy, price, and package design).

The critical task of predicting the brand's market share is approached through two models-one relates preference to purchase probability and the other is a straightforward flow representation of the trial-repeat process. The two models are similar in structure, but are calibrated in different ways. Convergent results should strengthen confidence in the prediction whereas divergent outcomes signal the need for further analyses to identify sources of discrepancies and to provide bases for reconciliation. The measurement inputs required for both models are obtained from a research design involving laboratory and usage tests. The key outputs are a market share prediction plus diagnostic information which can be used to make a decision as to the brand's future. Several outcomes are possible. A poor showing may lead to either termination or further developmental efforts. If the performance is satisfactory, plans for test marketing can proceed.

Very favorable results could lead to an immediate launching of the brand, particularly if the capital investment risked in the introduction is small and/or if the threat of competitive entry is imminent.

3.5 Scope and Application

Diffusion research has focused on five elements: (1) the characteristics of an innovation which may influence its adoption; (2) the decision-making process that occurs when individuals consider adopting a new idea, product or practice; (3) the characteristics of individuals that make them likely to adopt an innovation; (4) the consequences for individuals and society of adopting an innovation; and (5) communication channels used in the adoption process.

4.0 CONCLUSION

The authors have described a set of models and measurement procedures intended for use in evaluating new packaged goods at that stage in their development where management is faced with the decision of whether or not to place them in test markets. The approach taken to this problem is to merge relevant behavioral and management science concepts and methods. The results obtained from the initial applications have been sufficiently encouraging to suggest that the kind of methodology discussed can be a useful addition to the growing body of decision-support technology now available and being applied to the problems of managing new product development in the packaged goods field.

The system described is intended to aid management in evaluating anew packaged good brand at a particular point in the developmental process and it is important to recognize where the system can be expected to prove useful and where it may not. Experience gained from applications of the system as well as the nature of the models and measurement methodology itself suggest at least three factors or conditions as being necessary for obtaining satisfactory results. First, the applicability of the system is limited to situations in which the new brand seeks to penetrate a product category well-defied in terms of the nature and closeness of substitutes. Cases in which a very novel or innovative offering effectively creates a new product category cannot be handled by these methods.

Second, the assumption that the usage/purchase rate for the new brand will be the same as that for the established brands must be tenable. Only limited means of coping with departures from this condition are available. A third restriction is that consumption and learning must occur at rates such that preferences for the new brand stabilize in a relatively short period.

For products which are used infrequently or which require long periods of usage before benefits/satisfaction can be realized, it would not be feasible to measure post-usage preferences by the means described.

The development and evaluation of the system is an ongoing process. Additional tests bearing on the general issue of predictive validity will be possible in the future as test market data accumulate for products previously evaluated by this methodology. Future work should be undertaken to extend the range of new product situations to which the system can be applied.

5.0 SUMMARY

Test marketing is a familiar step in the development of new packaged goods, i.e., branded, low-priced, frequently purchased consumer products. Manufacturers of packaged goods have come to rely on a fairly common set of measurement methods for assessing consumer response to a new product. The typical approach includes (1) concept and positioning tests, (2) product usage tests, and (3) test marketing. The last step constitutes the final integration and evaluation of the product formulation and the various elements of the marketing plan designed to implement the desired positioning strategy. Although test marketing is commonplace, deciding if and when it should be used in particular cases is a perplexing and controversial management problem. The substantial failure rate historically observed among new packaged goods placed in test markets, plus the high and ever-rising direct cost of such activities, have stimulated firms to seek ways to perform more thorough evaluations of new products before embarking on test marketing programs.

6.0 TUTOR-MARKED ASSIGNMENTS

1) What are the objectives and structure of ASSESSOR
2) Explain vividly the factors that prompt pre-test market

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UNIT 13: DIFFUSION OF INNOVATIONS

CONTENTS

1.0 INTRODUCTION

Diffusion of Innovations seeks to explain how innovations are taken up in a population. An innovation is an idea, behaviour, or object that is perceived as new by its audience. In this unit, you will learn the three valuable insights into the process of social change in which diffusion of innovation offers; that is 1) What qualities make an innovation spread; 2) The importance of peer-peer conversations and peer networks; and 3) Understanding the needs of different user segments.

2.0 OBJECTIVES

At the end of this unit, you should be able:

- Identify the qualities that determine the success of an innovation,
- Demonstrate the scope and application of diffusion,
- Understand the scope and application of diffusion in an economy
- Explain why do certain innovations spread more quickly than others? And why do others fail?

3.0 MAIN CONTENT

3.1 Understanding the Concept of Diffusion and Innovation

Diffusion is the “process by which an innovation is communicated through certain channels over a period of time among the members of a social system”. An innovation is “an idea, practice, or object that is perceived to be new by an individual or other unit of adoption”. Diffusion of innovations is a theory that seeks to explain how, why, and at what rate new ideas and technology spread through cultures. The concept was first studied by the French sociologist Gabriel Tarde (1890) and by German and Austrian anthropologists such as Friedrich Ratzel and Leo Frobenius. Its basic epidemiological or internal-influence form was formulated by H. Earl Pemberton, who provided examples of institutional diffusion such as postage stamps and compulsory school laws. In 1962 Everett Rogers, a professor of rural sociology published Diffusion of Innovations. In the book, Rogers synthesized research from over 508 diffusion studies and produced a theory for the adoption of innovations among individuals and organizations.

The book proposed four main elements that influence the spread of a new idea: the innovation, communication channels, time, and a social system. That is, diffusion is the process by which an innovation is communicated through certain channels over time among the members of a social system. Individuals progress through 5 stages: knowledge, persuasion, decision, implementation, and confirmation. If the innovation is adopted, it spreads via various communication channels.

During communication, the idea is rarely evaluated from scientific standpoint; rather than, subjective perceptions of the innovation influence diffusion. The process occurs over time. Finally, social systems determine diffusion, norms on diffusion, roles of opinion leaders and change agents, types of innovation decisions, and innovation consequences. To use Rogers' model in health requires us to assume that the innovation in classical diffusion theory is equivalent to scientific research findings in the context of practice, an assumption that has not been rigorously tested.

3.2 Scope and Application of Diffusion

The origins of the diffusion of innovations theory are varied and span across multiple disciplines. Rogers identifies six main traditions that impacted diffusion research: anthropology, early sociology, rural sociology, education, industrial, and medical sociology. The diffusion of innovation theory has been largely influenced by the work of rural sociologists.

Diffusion research has focused on five elements: (1) the characteristics of an innovation which may influence its adoption; (2) the decision-making process that occurs when individuals consider adopting a new idea, product or practice; (3) the characteristics of individuals that make them likely to adopt an innovation; (4) the consequences for individuals and society of adopting an innovation; and (5) communication channels used in the adoption process.

3.2.2 Elements

The key elements in diffusion research are:

Element	**Definition**
Innovation	Rogers defines an innovation as "an idea, practice, or object that is perceived as new by an individual or other unit of adoption".

Communication channels	A communication channel is "the means by which messages get from one individual to another".
Time	"The innovation-decision period is the length of time required to pass through the innovation-decision process". "Rate of adoption is the relative speed with which an innovation is adopted by members of a social system".
Social system	"A social system is defined as a set of interrelated units that are engaged in joint problem solving to accomplish a common goal".

3.2.3 Decisions

Two factors determine what type a particular decision is:

- Whether the decision is made freely and implemented voluntarily,
- Who makes the decision?

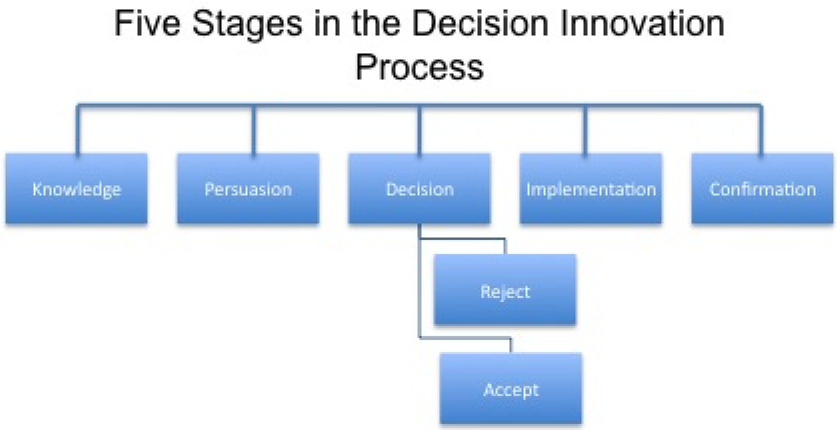
Based on these considerations, three types of innovation-decisions have been identified within diffusion of innovations.

Type	**Definition**
Optional Innovation-Decision	This decision is made by an individual who is in some way distinguished from others in a social system.

Collective Innovation-Decision	This decision is made collectively by all individuals of a social system.
Authority Innovation-Decision	This decision is made for the entire social system by few individuals in positions of influence or power.

3.2.4 Mechanism

Diffusion of an innovation occurs through a five–step process. This process is a type of decision-making. It occurs through a series of communication channels over a period of time among the members of a similar social system. Ryan and Gross first indicated the identification of adoption as a process in 1943 (Rogers 1962, p. 79). Rogers categorizes the five stages (steps) as: awareness, interest, evaluation, trial, and adoption. An individual might reject an innovation at any time during or after the adoption process. In later editions of the Diffusion of innovations Rogers changes the terminology of the five stages to: knowledge, persuasion, decision, implementation, and confirmation. However the descriptions of the categories have remained similar throughout the editions.



3.3 Why Do Certain Innovations Spread More Quickly Than Others? And Why Do Others Fail?

Diffusion scholars recognize five qualities that determine the success of an innovation.

1) Relative advantage

This is the degree to which an innovation is perceived as better than the idea it supersedes by a particular group of users, measured in terms that matter to those users, like economic advantage, social prestige, convenience, or satisfaction. The greater the perceived relative advantage of an innovation, the more rapid its rate of adoption is likely to be.

There are no absolute rules for what constitutes "relative advantage". It depends on the particular perceptions and needs of the user group.

2) Compatibility with existing values and practices

This is the degree to which an innovation is perceived as being consistent with the values, past experiences, and needs of potential adopters. An idea that is incompatible with their values, norms or practices will not be adopted as rapidly as an innovation that is compatible.

3) Simplicity and ease of use

This is the degree to which an innovation is perceived as difficult to understand and use.

New ideas that are simpler to understand are adopted more rapidly than innovations that require the adopter to develop new skills and understandings.

4) Trialability

This is the degree to which an innovation can be experimented with on a limited basis.

An innovation that is trialable represents less uncertainty to the individual who is considering it.

5) Observable results

The easier it is for individuals to see the results of an innovation, the more likely they are to adopt it. Visible results lower uncertainty and also stimulate peer discussion of a new idea, as friends and neighbours of an adopter often request information about it.

According to Everett Rogers, these five qualities determine between 49 and 87 percent of the variation in the adoption of new products.

These five qualities make a valuable checklist to frame focus group discussions or project evaluations. They can help identify weaknesses to be addressed when improving products or behaviours.

Reinvention is a key principle in Diffusion of Innovations. The success of an innovation depends on how well it evolves to meet the needs of more and more demanding and risk averse individuals in a population (the history of the mobile phone is a perfect example).

A good way to achieve this is to make users into partners in a continuous process of redevelopment. Computer games companies, pharmaceutical corporations and rural research institutes are examples of organizations that seek to make users active partners in improving innovations by supporting user communities or by applying participative action research techniques.

Many computer games are now built with the intention that they will be modified by enthusiastic users. Says consumer behaviour expert, Francine Gardin: “They’re actually participating in the design of the game. These consumers are really passionate about the game – it’s almost like a cult. They have an incredible sense of loyalty and ownership of that brand. Instead of complaining, they fix the product.” The concept of reinvention is important because it tells us that no product or process can rest on its laurels: continuous improvement is the key to spreading an innovation.

4.0 CONCLUSION

Diffusion of Innovations seeks to explain how innovations are taken up in a population. An innovation is an idea, behaviour, or object that is perceived as new by its audience. Diffusion is the “process by which an innovation is communicated through certain channels over a period of time among the members of a social system”. It is easier for individuals to see the results of an innovation, the more likely they are to adopt it. Visible results lower uncertainty and also stimulate peer discussion of a new idea, as friends and neighbours of an adopter often request information about it. Meanwhile, the concept of reinvention is important because it tells us that no product or process can rest on its laurels: continuous improvement is the key to spreading an innovation.

5.0 SUMMARY

Diffusion of Innovations seeks to explain how innovations are taken up in a population. An innovation is an idea, behaviour, or object that is perceived as new by its audience. Diffusion is the “process by which an innovation is communicated through certain channels over a period of time among the members of a social system”. An innovation is “an idea, practice, or object that is perceived to be new by an individual or other unit of adoption”. Diffusion of innovations is a theory that seeks to explain how, why, and at what rate new ideas and technology spread through cultures. Four main elements that influence the spread of a new idea: the innovation, communication channels, time, and a social system. That is, diffusion is the process by which an innovation is communicated through certain channels over time among the members of a social system.

Finally, diffusion scholars recognize five qualities that determine the success of an innovation; they are: 1) Relative advantage, 2) Compatibility with existing values and practices, 3) Simplicity and ease of use, 4) Trialability, and 5) Observable results

6.0 TUTOR-MARKED ASSIGNMENTS

1) What are the elements that influence the spread of a new idea in the society?

2) Explain the five qualities that diffusion scholars recognize in determining the success of an innovation.

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Unit 14: PRODUCT ROLLOUT-COMMERCIALIZATION

CONTENTS

1.0 INTRODUCTION

Every business organization has their strategy to launch their products to the market, the actual launch of a new product is the final stage of new product development and the one where the most money will have to be spent for advertising, sales promotion, and other marketing efforts. In this unit of the course; you are going to be exposed to the nature of the rollout pan in an economy and commercialization of products.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- Identify different rollout plans available to business enterprise,
- Highlights commercial procedure of introducing new products to the market.
- Differentiate between initial product testing and test marketing in an economy.

3.0 MAIN CONTENT

3.1 What Rollout is all about

Rollout can also refer to the methodology behind a product's introduction into the economy. For example, some electronic companies follow a rollout strategy of keeping new products or ideas top secret until it was released. Also, rollout is a term used for the introduction of a new product or service to the market. A rollout often refers to a significant product release, often accompanied by a strong marketing campaign to generate a large amount of consumer hype.

3.1.2 Commercialization

Commercialization is the process or cycle of introducing a new product or production method into the market. The actual launch of a new product is the final stage of new product development and the one where the most money will have to be spent for advertising, sales promotion, and other marketing efforts.

Commercialization is often confused with sales, marketing or business development. The commercialization process has three key aspects:

1. The funnel. It is essential to look at many ideas to get one or two products or businesses that can be sustained long-term.

2. It is a stage-wise process, and each stage has its own key goals and milestones.
3. It is vital to involve key stakeholders early, including customers.

Proposed commercialization of a product can raise the following questions:

1. When to launch. Factors such as potential cannibalization of the sales of a vendor's other products, any requirement for further improvement of the proposed new product, or unfavorable market conditions may operate to delay a product launch.
2. Where to launch. A potential vendor can start marketing in a single location, in one or several regions, or in a national or international market. Existing resources (in terms of capital, and operational capacities) and the degree of managerial confidence may strongly influence the proposed launch-mode. Smaller vendors usually launch in attractive cities or regions, while larger companies enter a national market at once. Global roll-outs generally remain the exclusive preserve of multinational conglomerates, since they have the necessary size and make use of international distribution systems (e.g., Unilever, Procter & Gamble). Other multinationals may use the "lead-country" strategy: introducing the new product in one country/region at a time (e.g. Colgate-Palmolive).
3. Whom to target. Research and test marketing may identify a primary consumer group. The ideal primary consumer group should consist of innovators, early adopters, heavy users and/or opinion leaders. This will ensure adoption by other buyers in the market during the product-growth period.

4. How to launch. The prospective vendor should decide on an action plan for introducing its proposed product - plan shaped by addressing the questions above. The vendor has to develop a viable marketing-mix and to structure a corresponding marketing-budget.

SELF-ASSESSMENT EXERCISE

1) Highlights and briefly explain the three aspects of commercialization process

3.2 Outcomes and activities in product commercialization

From the product specifications, the marketing strategy and the final prototype product, commercialization builds into three important functional plans (marketing, production and finance) and then into an overall operational plan. These are combined together as shown in **Figure 1.1**, which shows the different outcomes needed in each plan. The outcomes from the three plans are combined in an operational plan for the launch. After the launch there is a review of the final outcomes.

Figure 1.1 The outcomes from product commercialization

FINAL PRODUCT PROTOTYPE PRODUCT AND PROCESS SPECIFICATIONS MARKETING STRATEGY FINANCIAL ANALYSIS

↓

MARKETING PLAN	**PRODUCTION PLAN**
OBJECTIVES	PRODUCT QUALITIES
PRODUCT DESCRIPTION	RAW MATERIALS
MARKET STRATEGY	PROCESSING
MARKET CHANNELS	PROCESS CONTROL
PHYSICAL DISTRIBUTION	STORAGE & TRANSPORT
PRICING	QUALITY ASSURANCE
SALES PLAN	EQUIPMENT
PROMOTION	SERVICES
PERSONNEL	PERSONNEL
COSTS	COSTS
TIMING SCHEDULES	TIMING SCHEDULES

FINANCE PLAN
COSTS, PRICES
PROFITS

CASH FLOWS
CAPITAL INVESTMENT
WORKING CAPITAL
RETURN ON INVESTMENT
RISK ANALYSIS

↓

OPERATIONAL PLAN
PRODUCTION CAPACITIES AND INVENTORIES
SELLING ORGANISATION
PROMOTION ORGANISATION
FINANCE AND FINANCIAL CONTROLS
FULL SCALE INTRODUCTION
POST-LAUNCH EVALUATION

DETERMINATION OF RETURN ON INVESTMENT

COMMERCIAL REPORT

During commercialization, the knowledge required to formulate these plans has to be found, organized and integrated. It starts with information from the product design and process development: product and packaging qualities, product concept, target market, price range, market channel, physical distribution, process flow sheet, process conditions, product testing.

At this point, final adjustments are made to the product so that it is acceptable not only to the consumers but also to the company's operational divisions, the retailers and other people in the distribution system.

With industrial products, it has to be acceptable across the different groups in the buying company - product development, quality assurance, production and buying.

The product and its inner and outer packages need to be tested through production and distribution to determine if the packaging provides the necessary protection to the product and also meets the expected demands of distribution, sale and use. Some of the product prepared during the small plant tests can be tested in large consumer/customer 'use' tests. In industrial marketing, it is important not only that the new ingredient is acceptable in the manufacturer's plant but also that the manufacturer's product is acceptable to the consumers. In consumer marketing, there are further consumer 'use' tests and sometimes a small test market in a few supermarkets representative of the overall market to test the effects of different prices and promotions.

There is constant comparison with competitive products on the market to confirm that the product has advantages to the users.

After these studies, there is enough information to detail the market for the product and to draw up a complete market plan for launching the product, including market trials, methods of selling, promotion and advertising, and methods of distribution.

The production development differs if the present plant is to be used, or if a new plant is to be built, or if new equipment is to be bought or built. A preliminary process equipment design can be made or, if current plant is to be used, the layout and adaptation of this equipment for the new process determined. The production is 'fine-tuned' and quality assurance developed.

Costs and prices are studied, the investment needed for marketing and production is estimated and a financial analysis is made. Then the decision is taken to stop, or to test the market and production plans, or to allow the product to go forward to launching. The production and the marketing are integrated first in large-scale production and market testing, and then in an operational plan. A final commercial report, based on the information collected analyses whether the product fits in with the commercial and financial aims of top management.

The steps and some of the activities in commercialization are shown in **Figure 1.2**.

Figure 1.2 Activities in product commercialization

FINAL PRODUCT PROTOTYPE
PRODUCT AND PROCESS SPECIFICATIONS
MARKETING STRATEGY FINANCIAL ANALYSIS

↓

Knowledge of the product, production and marketing

Product
Product qualities optimized
Final packaging design
Final product concept

Marketing
Target market finalized
Preliminary market/sales prediction
Price, promotion, place studies

Production
Plant design
Plant commissioning
HACCP analysis
Process control
Yields and costs studies
Quality assurance designed, tested
Transport/storage testing

↓

Planning marketing, production and finance

Preparation of: Market strategy Market plan Market forecast	**Preparation of:** Production specifications Production plan Physical distribution plan	**Preparation of:** Final costing and pricing Investment finance plan Operational finance plan

MARKETING, PRODUCTION AND FINANCE PLANS

↓

Integration of marketing, production and finance

Prepare marketing material Test market	Production on large-scale Variability of production	Study of cash flows Finance sources, costs

Analyse marketing and production testing

Analyse financial feasibility

Improve marketing	Improve production	Improve costs

↓

OPERATIONAL PLAN
DETERMINATION OF RETURN ON INVESTMENT
COMMERCIAL REPORT

3.3 Test Marketing

This is the final step before commercialization. The objective of this marketing phase is to test all the variables in the marketing plan, including different elements and characteristics of the product. This stage represents the launching of the total marketing program, albeit on a limited basis.

Three questions can be answered through test marketing:

- Is the overall workability of the marketing plan realized as planned?
- Do alternative allocations of the budget need to be evaluated?
- Can we determine whether users are being inspired to switch from their previous brands to the new one, and whether repeat purchases are taking place?

In the end, the test market should include an estimate of sales, market share, and financial performance over the life of the product.

3.3.2 Initial product testing versus test marketing

Initial product testing and test marketing are not the same. Product testing is totally initiated by the producer: he or she selects the sample of people, provides the consumer with the test product, and offers the consumer some sort of incentive to participate.

Test marketing, on the other hand, is distinguished by the fact that the test cities represent the national market. The consumer must make the decision herself, must pay his or her own money, and the test product must compete with the existing products in the actual marketing environment. For these and other reasons, a market test is meant to serve as an accurate simulation of the national market and serves as a method for reducing risk. It should enhance the new product's probability of success and allow for final adjustment in the marketing mix before the product is introduced on a large scale.

3.4 Risks

Test marketing is not without inherent risks. First, there are substantial costs in buying the necessary productive capacity needed to manufacture the product or locating manufacturers willing to make limited runs. There are also promotional costs, particularly advertising and personal selling. Although not always easy to identify, there are indirect costs as well. For example, the money used to test market could be used for other activities. The risk of losing consumer goodwill through the testing of an inferior product is also very real. Finally, engaging in a test-market might allow competitors to become aware of the new product and quickly copy it.

Because of the special expertise needed to conduct test markets and the associated expenses, most manufacturers employ independent marketing research agencies with highly-trained project directors, statisticians, psychologists, and field supervisors. Such a firm would assist the product manager in making the remaining test market decisions.

3.5 Variables

Selection of test market cities: these cities should reflect the norms for the new product in such areas as advertising, competition, distribution system, and product usage. Number of test cities: should be based on the number of variations considered (i.e. vary price, package, or promotion), representativeness, and cost. Sample size determination: the number of stores used should be adequate to represent the total market.

Even after all the test results are in, adjustments in the product are still made. Additional testing may be required, or the product may be deleted if it does not perform well during this stage, or if it becomes apparent that the product is not likely to become a commercial success.

4.0 CONCLUSION

The unit has highlighted what rollout is all about as a term used for the introduction of a new product or service to the market. Also, rollout often refers to a significant product release, often accompanied by a strong marketing campaign to generate a large amount of consumer hype.

So also commercialization is understood as the process or cycle of introducing a new product or production method into the market. Furthermore, test marketing, on the other hand, is distinguished by the fact that the test cities represent the national market. The consumer must make the decision herself, must pay his or her own money, and the test product must compete with the existing products in the actual marketing environment.

5.0 SUMMARY

Rollout can also refer to the methodology behind a product's introduction. For example, some electronic companies follow a rollout strategy of keeping new products or ideas top secret until it was released. Also, rollout is a term used for the introduction of a new product or service to the market. A rollout often refers to a significant product release, often accompanied by a strong marketing campaign to generate a large amount of consumer hype. Commercialization on the other hand is the process or cycle of introducing a new product or production method into the market. The actual launch of a new product is the final stage of new product development and the one where the most money will have to be spent for advertising, sales promotion, and other marketing efforts. It has three key aspects: the funnel, it is a stage-wise process: and it is vital to involve the stakeholders. Proposed commercialization of a product can raise the following questions: what to launch, where to launch, how to launch and whom to target. This is the final step before commercialization. The objective of this marketing phase is to test all the variables in the marketing plan, including different elements and characteristics of the product. Furthermore, the unit also differentiates between initial product testing and test marketing; they are indeed not the same. Product is totally initiated by the producer: he or she selects the sample of people, provides the consumer with the test product, and offers the consumer some sort of incentive to participate. While test marketing, on the other hand, is distinguished by the fact that the test cities represent the national market. The consumer must make the decision herself, before paying his or her own money, and the test product must compete with the existing products in the actual marketing environment.

6.0 TUTOR-MARKED ASSIGNMENTS

1) What are three questions that can be answered through test marketing? Make brief explanation of each of them.
2) Differentiate between initial product testing and test marketing in an economy.
3) Mention the question that a pproposed commercialization of a product can raise

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UNIT 15: TYPES, ROLES AND REQUIREMENTS FOR NEW

1. Introduction.
2. Objectives
3. Main content

3.1 **Types of New Product**

3.2 **Roles of New Products**

3.3 **Requirements New Products Must Meet**

4. Conclusion.
5. Summary
6. Tutor -Marked Assignment.
7. References/Further Reading.

1. INTRODUCTION.

The factors and forces that drive new product development in organizations are ever present. They are consumers, competition and technology**.** As the circumstances of consumers change, including their tastes, needs, income etc., as competitors take decisions on developing new products and as technology changes bringing about new possibilities, organization must develop new products or lose its customers and market position.

It can therefore be said that new product development is inevitable especially for companies operating in highly competitive markets and as technological improvements become possible. Given the high rate of new product failures and the high cost of developing new products it becomes imperative that organizations be conscious of the role of new products and the requirements for their success. This unit attempts to achieve this.

2. OBJECTIVES

At the end of this unit, students will be able to:

- Discuss the major broad types of new products;
- Identify the roles of new products in organizations;
- Describe the requirements new products must meet to succeed; and
- Explain why new products can failure.

3. MAIN CONTENT

3.1. Types of New Products

A product can be new in many ways. It is also important to note that newness is relative. A product can be new to the company, new to the consumer and new in the market. A product considered as new to company x that is producing it for the first time may not be new to another company that has been producing it before. It may also not be new to consumers in the market, say Nigeria. There are generally two types of new products-evolutionary and revolutionary new products.

Goulding and Kennedy (1983) have given a catalogue of evolutionary and revolutionary new products. Evolutionary new products include the following:

- New pack size/new pack
- New flavor/perfume/colour
- Variant of existing company product
- Improvement on existing company product
- Me-too product, new to the company
- Improved product, new to the company
- Significant improvement on existing company product
- Significant improvement on product new to company.

Revolutionary new products include the following:

- New product
- Major technological breakthrough

3.2. Roles Of New Products

The major roles companies set for their new products include the following:

- Meet latent demand
- Maintain position as a product innovator
- Outperform competition
- Defend market share position
- Establish a foothold in a future new market
- Pre-empt a market segment
- Exploit technology in a new way
- Capitalize on distribution strengths

3.3. Requirements New Products Must Meet

New product development serves the interest of companies, consumers and the larger society. It ensures the continued relevance, survival and profitability of companies while sustaining the continued satisfaction of consumer needs/wants. It is however a very expensive and risky venture. It is expensive to the extent that a lot of resources will be required to be deployed in developing and marketing new products. It is risky to the extent that there is no guarantee of success and the efforts can be undermined by competitors through industrial espionage.

To enhance the chances of the new product succeeding, some measures need to be taken by companies' undertaking new product development. These measures will include:

- Existence of adequate demand should be established by the company going into new product development. Studies can help to achieve this.
- The new product must be compatible in terms of existing production and marketing structure and facilities of the company.
- The financial implications of launching the new product must be carefully thought through and provided for.
- Adequate time should be devoted by management and relevant officers towards the development and launching of the new product.
- The company undertaking new product development should have a well developed and communicated policy on the initiative.
- There should be a good organizational structure in place for the initiation and completion of all stages necessary for new product development in the organization.

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4. CONCLUSION

The key drivers of new product in organizations remain customers, technology and competition. To the extent that these are dynamic, organizations must develop new products to remain relevant and profitable. To achieve this, they need to appreciate the various types of new products and the roles they play. More importantly organizations need to note the requirements new products must meet.

5. SUMMARY

In this unit, you have been exposed to the following:

Types of New Product

Roles of New Products

Requirements New Products Must Meet

6. TUTOR -MARKED ASSIGNMENT.

1. Discuss the two major categories of new products and explain the role they play in the sustained profitability of the organizations.
2. Highlight the requirements new products must meet to succeed.
3. List and explain the reasons for new products failure.

7.0 REFERENCES/FURTHER READING

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UNIT 16: WHY NEW PRODUCTS FAIL

1. INTRODUCTION

New products fail and will continue to fail. To guard against new product failure, companies need to learn why new products fail and take measures to enhance the chances of new products succeeding. The 1996 IRI Pacesetters Report included estimates of the rates of new product success and failure. Based on Infoscan data, which provides an analysis of product movement at retail, IRI calculated that approximately 72% of new products and 55% of line extensions fail. In a study conducted of new products introduced by the 20 U.S. food companies with the most new product introductions in 1995 of the 1,935 new products introduced by these companies, 174 were "new" and 1,761 were line extensions. These new items experienced a success rate of 52% while line extensions had a 78% success rate, combining for an overall success rate of 76%.
Unfortunately, companies other than the leaders introduced 14,298 products and achieved a success rate of only 11.9%, leading to the conclusion that the biggest companies succeed with new products more/better than small companies.

In a survey, respondents were asked to state in their own words why some new products are not successful. Answers were coded into eight main categories.
The top four reasons listed by manufacturers were insufficient product marketing, duplication or lack of innovation, lack of support during rollout, and lack of a compelling consumer benefit. The top four reasons listed by distributors included: lack of a consumer benefit, duplication or lack of innovation, insufficient product marketing, and inadequate market research.

2. OBJECTIVES

At the end of this unit, you should be able to:

Discuss the general reasons for new product failure;

Discuss the specific reasons for new product failure;

Discuss the latent reasons for new product failure;

3. MAIN CONTENT

3.1 Failure of New Products

The reasons for new product failure can be grouped into three broad areas- general, specific and latent.

The general reasons will include the following:

Finance oriented reasons:

- Expected sales not realized
- Poor sales
- Poor profit margins
- Excessive development costs; and
- Excessive investment

The specific reasons will include:

- Low sales
- Causes of low profit margins
- Causes of excessive development costs;
- Excessive investment
- Pricing decisions
- Timing of product launch
- Branding
- Packaging
- Competitive actions/reactions; and
- Circumstances of consumers

Latent causes will include:

- Deficient activities;
- Deficient resources;
- Failure to undertake appropriate market studies and/or implementation of recommended measures.

4. CONCLUSION

The reasons for new product failure have been grouped into three broad categories. These are general, specific and latent. All should be understood and efforts made to avert those if new products are not to fail.

5. SUMMARY

In this unit, discussion has covered the following issues in new product development failure:

General reasons for new product failure

Specific reasons for new product failure

Latent reasons for new product failure

6. TUTOR MARKED ASSIGNMENT

List and discuss the general, specific and latent reasons for new product failure

7. REFERENCES/FURTHER READING

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UNIT 17: ENHANCING THE SUCCESS OF NEW PRODUCTS

1. INTRODUCTION

Given the strategic role that new product development plays in the survival, growth and development of organizations and given the inevitability of failure of many new products, it becomes important that organizations appreciate why new products fail and adopt measures and strategies that will enhance the survival and success of new products. This unit will discuss measures for achieving successful new product launches, requirement for new product success and appropriate frame of mind for success in new product development.

2. OBJECTIVES

At the end of this unit, you should be able to:

- The 15 principles to guide new product success;
- Discuss new product success requirements; and
- Explain the importance of top management commitment and organization frame of mind in achieving successful new product development.

3. MAIN CONTENT

3.1 **Achieving Successful New Product Launches**

New products do not succeed in markets by chance. Careful planning, adequate resourcing, adequate organizational environment and commitment of top management are critical requirements in ensuring that new products succeed in today's highly competitive markets. New product planning and development require that the new product is produced, launched into the market, is accepted and experiences sustained increasing sales.

Achieving successful new product launches requires paying attention to the following principles:

Leo Burnett‘s 15 Principles to Guide New Product Success

(1) Distinguish your product from competition in a consumer-relevant way
(2) Capitalize on key corporate competencies and brand strengths
(3) Develop and market products to people‘s needs and habits
(4) Market to long-term trends, not fads
(5) Don‘t ignore research, but don‘t be paralyzed by it
(6) make sure your timing is right
(7) Be a marketing leader, not a distant follower
(8) Offer a real value to consumers
(9) Determine a product‘s short- and long-term sales potential
(10) Gain legitimacy and momentum for the brand
(11) Give the trade as good a deal as the consumer
(12) Clearly define, understand, and talk to your target
(13) Develop and communicate a distinctive and appealing brand character…and stick to it
(14) Spend competitively and efficiently, behind a relevant proposition
(15) make sure the consumer is satisfied…and stays that way

3.2**. New Product Success Requirements**

1) An appropriate organizational environment and top management support
(2) Use of a disciplined new product development process
(3) Dedicated development teams plus the willingness and ability to partner and outsource
(4) Product development activities that start with and flow from business unit strategy
(5) Understanding the external environment and identifying market opportunities that fit core competencies
(6) Identification and specification of what is driving the consumer and what the consumer wants

(7) Processes and techniques for keeping the pipeline filled with a wide variety of product ideas
(8) Clear and focused product definition early in the process before development work begins
(9) A superior and differentiated product and package
(10) Use of research to measure reaction to the product and all elements of the program throughout the development process
(11) Use of category management philosophy to align manufacturer and retailer focus on the consumer
(12) A well-executed launch
(13) Ability to adapt, grow and improve as market and competitive conditions evolve.

7.1 An Appropriate Frame Of Mind For Success In New Product Development

- The environment of an organization wishing to have successful new product launches must be conducive;
- The organization must be supportive of innovative thinking- this is foundational and the only enduring basis for venturing into new product development;

- The organization should also have a culture that rewards creativity;
- The organization should also have a long term perspective and support risk taking. Often new product development entails enormous investment in production and marketing with no guarantees of success;
- The early years of the new product marketing may show losses and will require top management support and understanding if it is to stay the course; and
- Sustained investment and continued innovation are required in achieving long term success for the new product; and
- Deployment of the best human resources in the organization is critical in achieving successful new product development.

5. CONCLUSION

If new products are not to fail, conscious efforts must be made by their managers and the whole organization. The new products must be launched successfully, new product success requirements met and an appropriate frame of mind adopted for success in new product development.

6. SUMMARY

In this unit, you have been introduced to the following:

Achieving Successful New Product Launches

New Product Success Requirements

An Appropriate Frame Of Mind for Success in New Product Development

7. TUTOR -MARKED ASSIGNMENT.

List and discuss the critical success requirements for new product success in highly competitive markets.

8. REFERENCES/FURTHER READING

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UNIT 18: BRANDING

CONTENTS

1.0 INTRODUCTION

A major decision that marketing managers face in marketing products is branding. In this unit, we shall discuss the meaning of branding, picking a good brand name, brand equity, and branding strategies.

2.0 **OBJECTIVES**

By the end of this unit, you should be able to:

- Explain the meaning of branding;
- Describe how to pick a good brand name;
- Explain brand equity; and
- Discuss branding strategies.

3.0 MAIN CONTENT

3.1 The Meaning of Branding

Definitions of branding abound. Some people have defined a brand not only as the physical good, name, colour, logo, but everything associated with the product, including its symbolism and experiences. According to Pride and Ferrell (2011), a brand is the name, term, design, symbol, or any other feature that identifies one marketer's product as distinct from those other marketers. A brand may identify a single item, a family of items, or all items of that seller. Similarly, Kerin et al (2006) posit that Branding is a name, phrase, design, symbols, or combination of these in which an organization uses to identify its products and distinguish them from those of competitors. Branding, simply, is the process in which organizations use to distinguish their products from competitors. By developing a distinct name, packaging and design, a brand is created. Branding permits customers to develop associations with a brand (e.g prestige, economy) and eases the purchase decision.

Let us also consider some terms that are associated with branding, A brand name is the part of a brand that can be spoken, it includes letters, words, and numbers such as coca cola, 7up and so on. A brand name is often a product's only distinguishing characteristic. Without the brand name, a firm could not differentiate its products. To consumers, a brand is as fundamental as the product itself. Indeed many brand names have become synonymous with the product. A company can protect its brand name through promotional activities. A trade mark on the other hand, identifies that a firm has legally registered its brand name or trade name so that the firm has its exclusive use, thereby preventing others from using it. A trade name is the full and legal name of an organization, such as Ford Motor Company, rather than the name of a specific product.

3.2 **Picking a Brand Name**

Picking a brand name is not an easy thing for companies. We take companies' brand names for granted, but the truth is that it is difficult and expensive process to pick a good brand name. Kerin et al (2006) identified five criteria that are often considered for selecting a good brand name.

The name should suggest the product benefits. The name should clearly describe the benefits of purchasing the product. For example, Easy off (oven cleaner), Glass Plus (glass cleaner) and PowerBook (laptop computers).

The name should be memorable, distinctive, and positive. In the auto industry, when a competitor has a memorable name, others quickly imitate. When Ford named a car Mustang, Colts, and Broncos soon followed. The thunderbird name led to the Phoenix, Eagle, Sunbird, and Firebird.

The name should fit the company or product image. Sharp is a name that can apply to audio and video equipment. Excedrin, Anacin, and Nuprin are scientific sounding names, good for an analgesic. However, naming a personal computer PCJr, as IBM did with its first computer for home use, neither fit the company nor the product. PCJr, sounded like a toy and stalled IBM's initial entry into the home-use market.

The name should have no legal or regulatory restriction. Legal restrictions produce trademark infringement suits, and regulatory restrictions arise through improper use of words.

Lastly, the name should be simple (such as bold laundry detergent, sure deodorant, and Bic pens) and should be emotional (such as joy and obsession perfumes).

3.3 Brand Equity

If a company manages its brand well, this could be an asset to the organization. This value is often referred to as brand equity. According to Pride and Ferrel (2011) Brand equity is the marketing and financial value associated with a brand's strength in a market. The importance of brand name to a company has led to the concept of brand equity. It adds value to a product beyond the functional benefits provided. Being aware of a brand leads to brand familiarity, which, in turn results in a level of comfort with the brand. A familiar brand is more likely to be selected than an unfamiliar brand because the familiar brand often is viewed as more reliable and more acceptable quality. The familiar brand is likely to be in a customer's consideration set, whereas the unfamiliar brand is not. Brand equity also provides a financial advantage for the brand owner. Successful, established brand name like Nokia, have an economic value in the sense that they are intangible assets.

3.3.1 **Creating Brand Equity**:

According to Kerin et al (2006), Brand equity doesn't just happen, it is carefully crafted and nurtured by marketing programs that forge strong, favorable, and unique consumer associations and experiences with a brand. Brand equity resides in the minds of consumers and results from what they have learned, felt, seen and heard about a brand over time. Marketers recognize that brand equity is not easily or quickly achieved. Rather, it arises from a sequential building process consisting of four steps as follows;

The first step is to develop positive brand awareness and an association of the brand in consumers' minds with a product class or need to give the brand an identity.

Next, a marketer must establish a brand's meaning in the minds of consumers. Meaning arises from what a brand stands for and has two dimensions- a functional, performance- related dimension and an abstract, imagery-related dimension.

The third step is to elicit the proper consumer responses to a brand's identity and meaning. Here attention is placed on how consumers think and feel about a brand. Thinking focuses on a brand's perceived quality, credibility, and superiority relative to other brands. Feeling relates to consumer‘s emotional reaction to a brand.

The final, and most difficult, step is to create a consumer- brand resonance evident in an intense, active loyalty relationship between consumers and the brand. A deep psychological bond characterizes consumer-band resonance and the personal identification consumers have with the brand.

3.4 Branding Strategy

Companies can employ several different branding strategies, including multiproduct branding, multi branding, private branding, or mixed branding

Multiproduct branding: With multiproduct branding, a company uses one name for all its products in a product class. This approach is sometimes called family branding, or corporate branding when the company's trade name is used.

Multi branding; alternatively a company can engage in multi branding, which involves giving each product a distinct name. Multi branding is a useful strategy when each brand is intended for a different market segment. Multi branding is applied in a variety of ways. Some companies array their brands on the basis of price quality segments. Compared with multiproduct approach, promotional costs tend to be higher with multi branding. The company must generate awareness among consumers and retailers for each new brand name without the benefit of any previous impressions. The advantages of this approach are that each brand is unique to each market segment and there is no risk that a product failure will affect other products in the line. Nevertheless, some large multi brand firms have found that the complexity and expense of implementing this strategy can outweigh the benefits.

Private branding; A company uses private branding, often called private labeling or reselling branding, when it manufactures products but sells them under the brand name of a wholesaler or retailer.

Mixed branding; A fourth branding strategy is mixed branding, where a firm markets products under its own name (s) and that of a reseller because the segment attracted to the reseller is different from its own market.

4.0 CONCLUSION

This unit addressed branding. Branding is a major decision that organizations make to create a good impression of their products. We saw that branding is what a firm uses to identify its product. The aim of branding is to make a company's product familiar to customers. Successful brand building brings a lot benefits to a company.

5.0 SUMMARY

A brand is created when a company creates value that distinguishes its products from those of competitors. For a company to successfully create a brand name, the name should suggest the benefits that will be derived from the product. It should as well be distinct, positive, simple, fit the company's image, and should have no legal restriction. Brand equity is achieved by a company if it manages its brand well and derives financial values. Creating a brand equity is not an easy task. It follows some building processes. Companies can employ several different branding strategies, including multiproduct branding, multi branding, private branding, or mixed branding.

6.0 TUTOR MARKED ASSIGHMENT

What do you understanding by the term branding and what are the different strategies that a company can employ to create brand equity?

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