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# **INDIAN SCHOOL MUSCAT**

## **MARKETING**

### **CLASS - 12**

## **CHAPTER – 1 PRODUCT**

### **Defining Product**

A product is a bundle of attributes (features, functions, benefits, and uses) that a person receives in an exchange.

- The term “product” refers to anything offered by a firm to provide customer satisfaction, tangible or intangible.
- A product may be an idea (recycling), a physical good (a pair of sneakers), a service (banking), or any combination of the three.<sup>111</sup>

Products fall into one of two categories:

1. consumer products and
2. business products (also called industrial products and B2B products).

Consumer products are purchased by the final consumer.

Business products are purchased by other industries or firms and can be classified as *production goods*—i.e., raw materials or component parts used in the production of the final product—or *support goods*—such as machinery, fixed equipment, software systems, and tools that assist in the production process. Some products, like computers, for instance, may be both consumer products and business products, depending on who purchases and uses them.

- The product is the core of the exchange.

## **Consumer Product Categories**

Consumer products are often classified into four groups related to different kinds of buying decisions: convenience, shopping, specialty, and unsought products.

### **Convenience Products**

A convenience product is an inexpensive product that requires a minimum amount of effort on the part of the consumer in order to select and purchase it. Examples of convenience products are bread, soft drinks, pain reliever, and coffee.

Marketing strategy - extensive distribution, extensive mass advertising and sales promotion

### **Shopping Products**

Shopping products are usually more expensive and are purchased occasionally. The consumer is more likely to compare a number of options to assess quality, cost, and features.

Heterogeneous and homogeneous shopping products. Heterogeneous shopping products are unique. The purchase decision with heterogeneous shopping products is more likely to be based on finding the right fit than on price alone.

Homogeneous shopping products are very similar. Example, refrigerators. Each model has certain features that are available at different price points, but the basic functions of all of the models are very similar. A typical shopper will look for the lowest price available for the features that they desire.

### **Specialty Products**

Specialty goods represent the third product classification. From the consumer's perspective, these products are so unique that it's worth it to go to great lengths to find and purchase them. Almost without exception, price is not the principle factor affecting the sales of specialty goods.

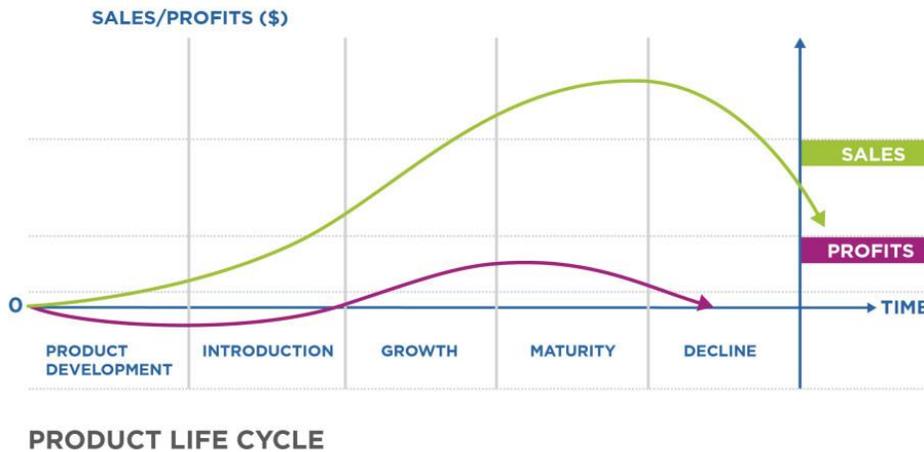
### **Unsought Products**

Unsought products are those the consumer never plans or hopes to buy. These are either products that the customer is unaware of or products the consumer hopes not to need.

Unsought products have a tendency to draw aggressive sales techniques, as it is difficult to get the attention of a buyer who is not seeking the product.

## STAGES OF THE PRODUCT LIFE CYCLE

The product life cycle is the process a product goes through from when it is first introduced into the market until it declines or is removed from the market. The life cycle has four stages - introduction, growth, maturity and decline.



The four stages of the PLC are:

1. Market introduction
2. Growth
3. Maturity
4. Decline

The table below shows common characteristics of each stage.

	Common Characteristics
1. <b>Market introduction stage</b>	<ol style="list-style-type: none"> <li>1. Costs are very high</li> <li>2. Slow sales volumes to start</li> <li>3. Little or no competition</li> <li>4. Demand has to be created</li> </ol>

	<ol style="list-style-type: none"> <li>5. Customers have to be prompted to try the product</li> <li>6. Makes little money at this stage</li> </ol>
2. <b>Growth stage</b>	<ol style="list-style-type: none"> <li>1. Costs reduced due to economies of scale</li> <li>2. Sales volume increases significantly</li> <li>3. Profitability begins to rise</li> <li>4. Public awareness increases</li> <li>5. Competition begins to increase with a few new players in establishing market</li> <li>6. Increased competition leads to price decreases</li> </ol>
3. <b>Maturity stage</b>	<ol style="list-style-type: none"> <li>1. Costs are lowered as a result of increasing production volumes and experience curve effects</li> <li>2. Sales volume peaks and market saturation is reached</li> <li>3. New competitors enter the market</li> <li>4. Prices tend to drop due to the proliferation of competing products</li> <li>5. Brand differentiation and feature diversification is emphasized to maintain or increase market share</li> <li>6. Profits decline</li> </ol>
4. <b>Decline stage</b>	<ol style="list-style-type: none"> <li>1. Costs increase due to some loss of economies of scale</li> <li>2. Sales volume declines</li> <li>3. Prices and profitability diminish</li> <li>4. Profit becomes more a challenge of production/distribution efficiency than increased sales</li> </ol>