

INDIAN SCHOOL MUSCAT
DEPARTMENT OF COMMERCE AND HUMANITIES
LEARNING SUPPORT MATERIAL
MARKETING (812)
CLASS – XII
UNIT – 1 PRODUCT

SESSION1: MEANING AND IMPORTANCE OF PRODUCT

The term Product is mostly used as a need-satisfying entity. It represents solution to customers, problems. In the words of Peter Drucker, the product remains mere raw material or at the best an intermediate till it is not bought or consumed. Hence mostly they comprise of both tangible and intangible benefits. It may be anything that can be offered to a market to satisfy a want or need and include physical goods, services, experiences, events, places, properties, organization, information and ideas. In most of the cases products are made up a combination of physical elements and series.

It is observed that consumers buy products or services that they require to fulfill their needs. The products could range from tooth brush, chocolates, cars, movie tickets to life insurance at various stages of our life. The decision to make a purchase is hence dependent not only on the tangible attributes of the product but also on the psychological attributes like brand, package, warranty, image or service to name a few.

According to Philip Kotler, “Product is anything that can be offered to someone to satisfy a need or a want”.

William Stanton, “Product is a complex of tangible and intangible attributes, including packaging, colour, price, prestige and services that satisfy needs and wants of people”.

It is defined as a good or service that most closely meets the requirements of a particular market and yields enough profit to justify its continued existence

COMPONENTS OF A PRODUCT

Products have their own identity or a personality. Most of the users associate meaning with products, they obtain satisfaction by using them. The various features and functions built around them-the brand name, the package and labeling, the quality associated with it, the guarantees, the price, the manufacturer’s name and prestige-all contribute to the personality or the *total product offering*, a marketers armory for satisfying the customer. It has been often stated that a customer never just purchases the generic product but he procures something that exceeds his expectation depending on for whom it is being bought.

The components of the product include core product, associated features, brand name, logo, package and label.

The Core Product

It is the basic element of the product. For example if we take Dove Soap, the fragrance of the soap, the moisturizing ability, the pristine white colour, the brand name, the price, the positioning as luxury soap all have gone into the marketing of product

personality. The core component is the soap, the generic constituent, as in the case of any other bathing soap, the only difference being the other components are superimposed on this basic component to develop the total personality of Dove.

It is observed that the total product personality is dependent on basic constituent of the product. If the product is substandard the other elements associated like features, package, label, differentiation, positioning, branding will not be of any use. Hence focus on the core product is essential.

The Associated Features

The Product includes several associated features besides the core ingredient. In the example of Dove soap the fragrance of the soap, the moisturizing ability, the pristine white colour etc. are its associated features. The total product personality is mostly enhanced through the associated features. Further, these also aid in distinguishing the product from its competitors.

The Brand Name

A brand is defined as a name, term, symbol, design or a combination of them which is intended to identify the goods and services of one seller and to differentiate them from those of competitors. A trade mark is a brand with legal protection, thus ensuring its exclusive use by one seller. In the current age consumers do not just pick products but they pick brands. The brand image is developed through advertising and other promotional measures to remain etched in the consumers' minds.

The Logo

It is the brand mark/symbol and an essential aspect of the product, extending its support to the brand effectively. Symbols and pictures ensure product/brand identification and recall with their importance being enhanced in rural markets where brands are mostly recognized by their picture in the logo.

The Package

It is another important component of the total product personality, particularly in packaged consumer products. The package performs three essential roles:

- Ensures protection to the product
- Provides information about the product
- Increases aesthetics and sales appeal.

Conventionally packaging was used to protect the product from damage en route and to facilitate handling at various points of distribution. Later on it also became a major tool in the promotion of the product. Currently packaging contributes to the total sales appeal of the product.

The Label

It is the part and parcel of a package. It provides written information about the product helping the buyer to understand the nature of the product, its distinctive features, its composition, its performance.

The components discussed above make a preliminary impact on the consumer. The other 'P' i.e. Price, Place and Promotion also play an important role in shaping the total product personality.

CHARACTERISTICS PRODUCT:

1. Product is one of the core elements of marketing mix.
2. Various people view it differently as consumers; organizations and society have different needs and expectations.
3. The product includes both good and service.
4. A marketer can realize their goals by manufacturing, selling, improving and modifying the product.
5. It includes both tangible and non-tangible features and benefits offered.
6. It is vehicle or medium to offer benefits and satisfaction to consumers.
7. The important lies in services rendered by the product and not ownership of product. People buy services and not the physical object.
8. Product includes total offers, including main qualities, features and services.

IMPORTANCE OF PRODUCT

Product therefore, is the core of all marketing activities. Without a product, marketing cannot be expected. Product is a tool in the hands of the marketers which gives life to all marketing programmes. So, the responsibility of the marketers to know its product well is pertinent. The importance of the product can be judged from the following facts:

- 1) **Product is the focal point and all the marketing activities revolve around it.** Marketing activities like selling, purchasing, advertising, distribution, sales promotion are all meaningless unless there is product. It is a basic tool by which profitability of the firm is measured.
- 2) **It is the starting point of planning.** No marketing programme will commence if product does not exist because planning for all marketing activities distribution, price, sales promotion, advertising, etc. is done on the basis of the nature, quality and the demand of the product. Product policies thus decide the other policies.
- 3) **Product is an end.** The main purpose of all marketing activities is to satisfy the customers. Thus product is an end (satisfaction of customers) and the producer, therefore, must insist on the quality of the product so that it may satisfy the customers' needs. It has been observed that the life of low quality products in the market is limited.

PRODUCT LEVELS

The marketer has to take into consideration the benefits the product can offer and present it to the customer. Further he takes it to higher levels by introducing several inputs into the basic product with inputs like advanced features, functions, unique brand name, attractive, convenient packaging, affordable price points, convenient access, meaningful communication and exclusive service from sales people. The product is enriched constantly by the marketer so as to create value, add more customer base and counter competition. According to Levitt, a product offer can be conceived at four levels: the generic product, expected product, augmented product and the potential product. Further it has been explained through a seven level approach:

- 1) **Core Benefit (Product):** This is the basic level that represents the heart of the product with a focus on the purpose for which the product is intended. For

instance a car is purchased for its convenience, the ease at which one can go or the speed at which one can travel around relatively fast.

- 2) **Generic Product:** It is the unbranded and undifferentiated commodity. Unbranded pulses, rice, wheat flour are some of the examples of generic product.
- 3) **Branded Product:** The branded products get an identity through a name. It belongs to a specific company and the marketer separates his product from the rest.
- 4) **The differentiated product:** All the branded products are supposed to be differentiated products, but in certain cases where the brand name alone has not earned enough distinction the case may be different. Here the marketer tries to differentiate his product from the clutter created by competitor products by highlighting some of the special attributes/features /qualities his brand is endowed with. The difference could be tangible or psychological. For example Knorr's Soups are tasty and healthy soups and can be prepared easily.
- 5) **The customized product:** When the product is modified to suit to the requirements/specifications of the individual customer, he is being offered a customized product. Earlier it was limited to industrial products but now the consumer goods are customized for the customers and he gets an opportunity to order and get a product/service as he desires and not just choose from mass/standardized product/service available in the outlets. Many companies manufacturing automobiles, computers, paints, shoes and garments have used this strategy to beat competition.
- 6) **The augmented product:** The augmented product aims to enhance the value of the product/offer through voluntary improvements. These improvements may be neither suggested by the customer nor expected by him. The manufacturer/marketer adds the feature/benefit or his own. The needs of the customer are identified through market research surveys and the insights thus obtained are used to add new features/functions to the product.
- 7) **The Potential Product:** The potential product is the 'future' product inclusive of the advancement and refinement that is possible under the existing technological, economic, competitive conditions prevailing in that category. Potential product is only limited by economic and technological resources a firm can spare. Nevertheless today's potential products can be tomorrow's real product.

KNOWLEDGE ASSESSMENT 1

Fill in the blanks

- 1) Product represents solution to _____ problems.
- 2) Product is anything that can be offered to someone to satisfy a _____ or a _____.
- 3) Products have their own _____ or a _____.
- 4) A _____ is defined as a name, term, symbol, design or a combination of them which is intended to identify the goods & services of one seller and to differentiate them.
- 5) Symbols and pictures ensure _____ identifications.
- 6) Product is the _____ and all the marketing activities revolve around it.
- 7) _____ is the unbranded and undifferentiated commodity.
- 8) The _____ is the modified product to suit to the requirement/ specifications of the individual customer.
- 9) The _____ aims to enhance the value of the product / offer through voluntary improvements.
- 10) The potential product is the _____ inclusive of the advancement and refinement that is possible under the existing circumstances.

Answers:

- 1) Customers
- 2) Need & want
- 3) Identity & personality
- 4) Brand
- 5) Product/ brand
- 6) Focal point
- 7) Generic product
- 8) Customized product
- 9) Augmented product
- 10) Future' product

SESSION 2 PRODUCT CLASSIFICATION

The product nature is found to have significant impact on the method of product positioning. Product classification assists the marketers to put the products before the consumer better. They can be segmented, targeted and positioned better. There exist two classes of products:



TYPES OF CONSUMER GOODS

Consumer products can be divided on the basis of the time and effort the buyer is willing to take out for the purchase of the product. They can be divided into two parts:

(i) Convenience Products: They are goods that a customer purchases frequently, with minimum effort and time to make a buying decision. Example: soft drinks, soaps, bread, milk etc. These can be further classified into three categories:

- (a) **Staple Goods:** The products which are purchased on a regular basis. The decision to buy the product is programmed once the customer puts the item on his list of regular purchases. Example bread, milk, eggs
- (b) **Impulse Goods:** The consumer purchases these without any planning or search efforts. The desire to buy impulse is a result of the shopping trip. This is why impulse products are located where they can be easily noticed. Example chocolates, magazines.
- (c) **Emergency Goods:** They are purchased to fulfill urgent need. The consumer ends up paying more. Examples of consumer shopping for tooth brushes or shaving blades at tourist destinations.

Main Features:

- i. They are easily available and require minimum time and effort.
- ii. They are obtainable at low prices.
- iii. There is a continuous and regular demand for such products.
- iv. Both demand and competition for these products is high.
- v. Products are easily substitutable.
- vi. Heavy advertising and sales promotion schemes help in marketing of these products.

(ii) Shopping Products: These are the goods where the customer while selecting the product for purchase makes due comparisons on the bases of quality, price, style and suitability. Shopping products can be homogenous or heterogeneous.

1. **Homogeneous Products:** They are products which are considered to be alike, with the sellers engaging on price war. Manufacturers end up distinguishing on the basis of design, services offered or other freebies.
2. **Heterogeneous Shopping Products:** They are products that are considered to unlike or non-standardized. The consumers always shop for a best quality buy. Price becomes secondary in case the focus is on style or quality.

Main Features:

- i. They are durable in nature.
- ii. They have high unit price and profit margin.
- iii. The customer spends adequate time and compares products before making the final purchase.
- iv. Purchase of such products is planned prior.
- v. Important role played by the retailer in the sale of shopping goods

(iii) **Specialty Products:** These are goods with unique characteristic or brand identification for which a sufficient number of buyers are willing to make a special purchasing effort. Consumers have strong convictions towards the brand, style, or type. For example Cars, High end Watches, Diamond jewellery etc.

Main Features:

- i. The demand for such products is relatively infrequent.
- ii. Products are high priced.
- iii. Sale of such products is limited to few places.
- iv. Aggressive promotion is required for such products.
- v. After sales service is required for these products.

(iv) **Unsought Products:** These are products that are available in the market but the potential buyers do not know about their existence or there do not want to purchase them. There are two types of such products: **Regularly Unsought Products:** The products which exist but the consumers do not want to purchase them as of now, but might eventually purchase them. Example: Life Insurance Products or Doctor's services.

New Unsought Products: The marketers task is to inform target consumers of the existence of the product, stimulate demand and persuade them to buy the product. Example: Oral Polio Vaccine was unsought initially, but heavy promotion and persuasion by the government has lead to eradication of polio.

TYPE OF CONSUMER PRODUCT

| BASIS OF COMPARISON | TYPE OF CONSUMER PRODUCT | | | |
|---------------------------------------|---|---|--|---|
| | CONVENIENCE | SHOPPING | SPECIALTY | UNSOUGHT |
| Product | Toothpaste, cake mix, hand soap, ATM cash withdrawals | Cameras, TVs, briefcases, airline tickets | Rolls-Royce cars, Rolex watches, heart surgery | Burial insurance, thesaurus |
| Price | Relatively inexpensive | Fairly expensive | Usually very expensive | Varies |
| Place (distribution) | Widespread; many outlets | Large number of selective outlets | Very limited | Often limited |
| Promotion | Price, availability, and awareness stressed | Differentiation from competitors stressed | Uniqueness of brand and status stressed | Awareness is essential |
| Brand loyalty of consumers | Aware of brand but will accept substitutes | Prefer specific brands but will accept substitutes | Very brand loyal; will not accept substitutes | Will accept substitutes |
| Purchase behavior of consumers | Frequent purchases; little time and effort spent shopping | Infrequent purchases; needs much comparison shopping time | Infrequent purchases; needs extensive search and decision time | Very infrequent purchases; some comparison shopping |

Industrial Products:

The Products used as inputs to produce consumer products are known as industrial products. They are used for non-personal and business purposes. Examples: raw materials, tools, machinery, lubricants etc.

Feature of Industrial products:

- (a) Limited number of buyer in comparison to consumer goods.
- (b) Length of Channel for distribution is short.
- (c) Demand for the product is concentrated in certain geographical locations and is derived from the demand of consumer goods.
- (d) Product purchase is based on fulfillment of technical considerations.
- (e) Reciprocal buying is involved is a company may purchase the raw material from a company and may sell the finished product to the same company.
- (f) In certain cases the companies may lease out the products rather than purchasing them due to high costs.

Types of Industrial Products:

- (i) **Materials and Parts:** These are goods that are used for manufacturing the product. These are further divided into two types:
 - (a) **Raw Material:** The raw materials could be either agri based products like sugar cane, rubber. Wheat etc. or they can natural products like iron ore, crude petroleum etc.
- (b) **Manufactured Materials and Parts:** These include component materials like glass, iron, plastic or components like battery, bulbs or steering etc.

- (ii) **Capital Items:** They are the goods used in producing the finished goods. They include tools, machines, computers etc. They can be categorized into installations like lifts, mainframe computers etc. and equipment like fax machines, EPBX machines.
- (iii) **Supplies and Business Services:** They are goods which are required for developing or managing the finished products. For example paints, lubricants, computer stationary etc. They can be categorized into maintenance and repair items like nuts, bolts, paints etc and operating supplies like lubricants, coolants, ink etc.



KNOWLEDGE ASSESSMENT 2

Fill in the Blanks

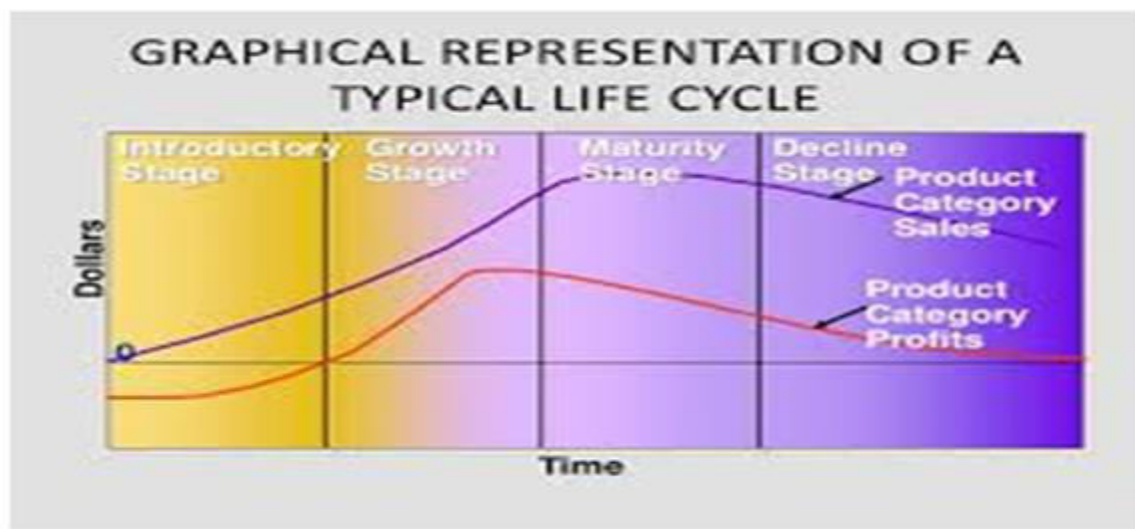
- 1) _____ are good that a customer purchases _____, with _____ effort and time to make a buying decision.
- 2) _____ are those that the consumer purchases these without any planning or search efforts.
- 3) _____ are products that are considered to unlike or non-standardized.
- 4) Specialty products are goods with _____ or _____ for which a sufficient number of buyers are willing to make a special purchasing effort.
- 5) _____ are products that are available in the market but the potential buyers do not know about their existence or there do not want to purchase them.
- 6) _____ are those which exist but the consumers do not want to purchase them as of now, but might eventually purchase them.
- 7) The products used as inputs to produce consumer products are known as _____.
- 8) _____ is involved is a company may purchase the raw material from a company and may sell the finished product to the same company.
- 9) _____ are goods that are used for manufacturing the product.
- 10) _____ are the goods used in producing the finished goods.

ANSWERS

- 1) Convenience Products, frequently, minimum
- 2) Impulse Goods
- 3) Heterogeneous shopping products
- 4) Unique characteristics, brand identification
- 5) Unsought products
- 6) Regularly Unsought products
- 7) Industrial products
- 8) Reciprocal buying
- 9) Materials and parts
- 10) Capital items

SESSION 3: MANAGING PRODUCT LIFE CYCLE

Each product goes through a life cycle which includes the following stages of growth, maturity and decline. The product life cycle indicates the sales and profit of the product over a period of time. Most of the products follow the 'S' shaped curve with certain products deviating showing a sharp growth followed by a sharp decline, or remain in the maturity phase for a long time, and may not face a decline. Trends and Fashion can be grouped in the first category; products in closed economies or in a monopolistic market represent the second type. In this category one may also have commodities like steel, cement, and food products, where the demand remains inelastic, relative to other manufactured products. In India, cars, refrigerators, and television sets etc. did not experience a decline until 1991 as there were very operating in the pre-liberalization era with less competition. But things started to change after 1991 with opening up of the markets and increase in competition. In the current scenario the product life cycles are also shortening with high competition and changing demands. As we move through the product life cycle, it is observed that profits are rarely a part of the introduction stage; the growth stage brings profits with a onset in decline in profits being observed in the maturity stages



“The product life cycle (PLC) depicts a products sales history through 4 stages:

- 1) Introduction
- 2) Growth
- 3) Maturity and
- 4) Decline

Adjustment and changes need to be made in the product's marketing mix as the product moves through its life cycle because of changes in the environment, buyer behavior, and the composition of the market.

The PLC concept can be applied to a product category (soaps), to a particular product form (soap bars, liquid soaps) or to a particular brand (Lux). The life cycle of the product category is the longest and that of the brand is shortest usually.

The PLC is applied most directly to product forms. Product forms like soaps, gel pens and televisions and mini-skirts go through a sales history of introduction, growth, maturity and decline. Product categories often tend to stay in the maturity stage for longer duration, while the

life cycles of individual brands can be extremely inconsistent depending on the effectiveness of their marketing programs.

The four stages include:

Introduction Stage

In this stage a new product (from brand or category) is introduced and it is called the introductory stage. Introducing a new product is always a risky proposition, even for a skillful marketer. A new product category requires a long introductory period because primary demand i.e. demand for the product category must be aroused. E.g. When "*Allout*" in 1990 introduced liquid vaporizers as mosquito repellent, it was a pioneer in the product category as till then there were mosquito coils. This is true for those brands which have achieved acceptance in other markets and require introduction in new markets. This is followed by the selective demand i.e. a demand for a specific brand within a product category. E.g. Once the product category was tapped competition followed. The other product categories include *Mortein*, *Good night* brands which were competitors for *Allout* brand.

This phase marks the launch of the product in the market. The basic goal in the introductory stage is to induce acceptance and attain initial distribution. Promotion is needed to inform potential buyers of the product's availability, nature and uses, and to encourage wholesalers and retailers to stock it. This stage is characterized by high operational costs, arising out of inefficient production levels or bottlenecks, high learning time, unwillingness of the trade to deal in the product, demand of higher margins or extended credit terms. In this stage funds are invested in promotion on the expectation of future profits. In this stage most of the customers have low awareness and those who are willing to try the product do so in small quantities called trial purchase. Competition is limited to few firms, and is from indirect or substitute products. The marketing task of the firm is to stimulate demand for the new product and also reduce the break even time.

In the introductory stage the profits are negative because the sales volume is low, distribution is limited and promotional expenses are high. An organization must choose its launch strategy consistent with its intended product positioning. It ought to understand that the initial strategy is just the foremost step in a larger marketing plan for the product's entire life cycle. In case, the marketer chooses the launch phase to make a quick buck, he will be sacrificing the long-term interests of the product. For example Quaker Oats were launched in India in the year 2006 as a breakfast Cereal.

Growth Stage

The growth stage is the second stage where the product has been launched successfully with the sales beginning to increase rapidly in this stage, as new customers enter the market and old customers make repeat purchases. This is stage where competition increases with the customer having greater choices in form of different types of product, packaging and prices. At this point of time more new dealers and distributors are added. This is the stage of peak profits. As new customers are attracted, the market expands, attracting competitors who copy and improve on the features of the new product. New product forms and brands enter. Competition strengthens and industry profits begin to recede at the end of the growth stage, but total sales of the industry are still rising. The company faces a trade-off between high market share and high current profit. The company tries to capture a dominant position by creating a selective demand. It also spends a lot of money on identifying new uses, developing the product, promotion, and

distribution,. In doing so however, it gives up current profit and hopes to make it up in the next stage. The mobile handsets are in the growth stage, with new models being continuously launched. Apple launched its iphone 7 recently.

Maturity Stage

Products that withstand the heat of competition and customers' approval enter the maturity stage. There are greater number of competitors, competitive product forms, and brands at this stage. Rivals copy product features of successful brands and become more alike. The price wars begin along with heavy focus on unique brand features that still exist. Industry sales peak and decline as the size of potential markets begins to shrink and wholesaler and retailer support decreases because of declining profit margins. Middlemen also introduce their own brands, which makes the competition even tougher further lowering profits in industry. Most of the times the sales are repeat sales of earlier buyers as the product's growth potential is limited. It is during this stage that marketers are focusing effort on extending the lives of their existing brands. In this stage many products exist in the markets but only the successful ones are evolving to meet changing consumer needs. Product managers have to play a very important role for carving a niche within a specific market segment through increase in service, image marketing and by creating new value image and strengthening through repositioning. They should also consider modifying the market, product and marketing mix to fight competition and take it closer to the customer so as to register adequate profits to remain in the business.

Decline Stage

This is the phase where sales decline as the customer's preferences have changed in favour of more efficient and better products. Product forms and brands enter into decline stages while product categories last longer. The number of competing firms also gets reduced and generally the industry has limited product versions available to the customer. Sales and profits decline rapidly and competitors become more cost conscious. Brands with strong loyalty by some customer segments may continue to produce profits. There are hidden costs in terms of management time, sales force attention, frequent stock re-adjustments and advertising changes. For these reasons, companies need to pay attention to their dying products. At times management may decide to maintain its brand without changes in the hope that some competitors will leave the market or it may decide to re-position the product in the hope of moving it back to the growth phase in a new image or eventually prune the product from the line.

MARKETING STRATEGIES IN DECLINE STAGE

- 1) The product can be maintained by either by adding new features or finding new uses.
- 2) The costs can be reduced and it can be offered to loyal segment.
- 3) The product can be discontinued or sold to another firm that is willing to continue the product.

PRODUCT LIFE CYCLE



| Characteristics | Introduction | Growth | Maturity | Decline |
|-----------------|------------------------|-----------------------|-----------------------|-----------------------|
| Sales | Low Sales | Rapidly rising | Peak | Declining |
| Costs | High cost per customer | Avg cost per customer | Low cost per customer | Low cost per customer |
| Profits | Negative | Rising | High | Declining |
| Customers | Innovators | Early adopters | Middle majority | Laggards |
| Competitors | Few | Growing | Starting to decline | Declining |

Adopted from: Kotler, Marketing Management

LINK - <http://www.thebeckon.com/characteristics-of-the-product-life-cycle/>

Examples: Colgate was the first toothpaste in tube in 1896, it went to capture the market world over and became the highest selling brand in the world in 1999, has diversified into oral care range and still a force to reckon with.



KNOWLEDGE ASSESSMENT – III

Fill in the Blanks

- 1) The -----indicates the sales and profit of the product over a period of time.
- 2) Products also follow the '-----curve with certain products deviating showing a sharp growth followed by a sharp decline.
- 3) A new product category requires a long introductory period because -----for the product category must be aroused.
- 4) -----a demand for a specific brand within a product category.
- 5) In the ----- profits are negative because the sales volume is low, distribution is limited and promotional expenses are high.
- 6) The ----- is the second stage where the product has been launched successfully
- 7) In growth stage the company faces a tradeoff between----- and.
- 8) Products that withstand the heat of competition and customers' approval enter the-----
-
- 9) In the maturity stage the marketer should also consider entering -----, product and marketing mix to fight competition.
- 10)-----and brands enter into decline stages while product categories last longer.

Answers:

- 1) Product life cycle
- 2) S' shaped
- 3) Primary demand
- 4) Selective demand
- 5) Introductory stage
- 6) Growth stage
- 7) High market share, high current profit
- 8) Maturity stage
- 9) New market
- 10)Product forms

SESSION 4: PACKAGING AND LABELLING

INTRODUCTION

Packaging can be defined as an art, science and technology of preparing goods for transport and sale. Packaging as an industry has two sectors – those who prepare the packaging material and those who convert these materials into packages. New packaging materials are fast replacing the old ones. A good packaging conveys the quality of the product: which is distinct from the value of the product. Attractive packaging is an also an efficient point of purchase (POP), and stimulates publicity for sales. It has been observed that packaging is an important advertising means helping in carrying messages from the marketer to the consumer. Packaging as a function has two separate dimensions – the physical aspects related to the science and technology and the behavioral aspect related to the art of product design associated with buyer behavior.

PACKAGING CONCEPT

In most cases, marketers define packages as the fifth 'P' of marketing. It provides an enhanced value to the product and there are three levels of material for package:

- A. A primary package
- B. A secondary package
- C. The transportation package

Packaging may be 'primary' which refers to the product's immediate container, such as the PET bottle, tetra pack, can or a box: or secondary, which refers to additional layers of protection that are removed once the product is ready such as the tube of shaving cream, which is covered in a card board box or a glass bottle covered in card board box.

The different levels of packaging, type and importance would vary with the nature of product, whether FMCG, durable consumables, industrial and liquid product. It would also differ on the distance over which it has to be transported. It should be regarded as one of the important requirements for a manufactured product. The quality control of a product would be meaningless if the package designed to carry the product from the factory to the ultimate consumer is not adequate.

ROLE OF PACKAGING

Packaging is an important element in the formulation of the marketing plan as it aids with promotion & performs the role of passive salesman, in addition to protecting the product. In the absence of salesman, the package should be able to grab the eyeballs of the buyers. Good packaging may lead to improved consumer acceptance.

The product package has an important promotional function, establishing meaningful communication with the consumer. Designing the product package according to changing customer preferences and attitudes will enable the marketers to push the product.

Consumer packaging is also intended to offer better convenience to the consumer and protect the product from pilferage and damage. It has been estimated that unit value realization can increase with good packaging.

IMPORTANCE OF PACKAGING

Initially Packaging was considered a production-related function and activity. While in the current context packaging has completely changed due to competition. New developments in packaging, have forced marketing managers to focus on packaging design. The following aspects highlight significance of packaging in marketing:

- It provides information about the product
- It helps in identifying brand name
- It assists in protecting the product
- It helps in product handling
- It aids in promoting the product
- It helps in offering customer convenience and satisfaction
- It helps increase in the sales of the product.
- It adds to the use of a product.
- It contributes to the safety of a product.
- It helps in storage of the product
- It helps in product differentiation

PACKAGING DECISIONS

Packaging is an important component of a product as an attractive pack is the most important factor in impulse purchases. The basic functions of a pack are to attract the potential customer's attention, protect the product that is packed and reveal its identity. It is an essential tool for two categories of people – *first*, end-users of a product: and *second*, retailers. The material used may vary from metal to paper to plastic etc. The useful packaging decisions include:

1. **Packaging design:** It is not easy to design a package for various items. For example, all 'Hand wash' come in bottles, but different brands of hand wash differ in their packaging. The high costs of packaging lead to bringing out refill packs too.
2. **Attractive Color:** Colour plays an important role for determining customer acceptance or rejection of a product. The use of bright colours in packaging also assists marketers, reap huge advantage. Packaging colour should be attractive so that it may aid in promoting sales.
3. **Packaging the product line.** A company must decide whether to develop a family or similar kind of the packaging of its several products. It involves the use of identical packages for all products or the use of packages with some common feature.

FUNCTIONS OF PACKAGING

Packaging should perform the following basic functions:

1. **Protection:** The basic function is to protect the products from the vagaries of weather the product can be exposed to, in transit from the manufacturer's plant to the

retailer's shelves and issues related to handling the product while on display on the shelves.

The reasons for protection for products through packaging are:

- Control pilferage during transit or storage
- Prevent the absorption of moisture
- Avoid breakage/damage due to rough mechanical or manual handling during transit.
- Protect liquid from evaporation.

2. Appeal

The emergences of self-service outlets have forced manufacturers to have attractive packaging. The following characteristics have been identified to help a package perform the self-selling tasks:

- It helps in attracting attention of the customer
- It helps to enhance the product image
- It helps in the product looking and hygienic

2. Performance

This is the third function of a package. It should perform the task for which it is designed. Bottled water has been introduced in 500 ml to 20 litres bottles. The purpose and place of use is the deciding factor in the purchase of various packs. A package must be made to consistent and rigid quality standards as the consumer demands uniformity each time he purchases a product.

3. Packaging for convenience

It provides convenience to distribution channel members, such as wholesalers, retailers and consumers. The convenience will relate to handling and stocking of packages. It helps in the following ways:

- The package must be convenient to stock
- The package must be convenient to display
- The package must not waste shelf-space.
- The package can be easily carried.
- It should be easy to dispose off.

4. Cost-effectiveness

The package finally must be cost-effective. Packaging cost as a percentage of product cost differs from one industry to another. It is essential to understand that while analyzing packaging costs, the other costs like handling, storage, insurance and transit costs are also added.

QUALITIES OF GOOD PACKAGING

- Attractive appearance
- Convenient for storage and display
- Shield against damage or pilferage
- Product description displayed on the package
- Package should be as per the specifications

Types of Packages

There are four types of packages: (i) A consumer package (ii) a bulk package, (iii) an industrial, and (iv) a dual usage package. They are as discussed.

- (1) **A consumer package** is one which holds the required volume of a product for ultimate consumption is economical and can be easily purchased by the consumer. He has the option to purchase the pack size which he considers adequate for the consumption for his family over a length of time and does not involve additional investment during that period.
- (2) **A bulk package** is either for the consumer whose consumption is large or is bought to save cost. Example: oil cans etc. The consumer package itself very often requires an outside package in which it is transported and which is sometimes referred to as transit package or an out container.
- (3) **An industrial package** can be a bulk package for durable consumer goods. These are the basic package types although many sub-divisions can be listed, e.g., strip package, multiple package, etc., which can all be broadly listed under these basic headings.
- (4) **A dual use package** is one which possesses a secondary usefulness after its contents have been consumed. Drinking glasses, boxes of jewellery or cigarettes, plastic containers, refrigerator dishes, bags from flour and feed sacks are the examples.

LABELLING

LABELLING Labeling is regarded as part of marketing as packaging decisions involve the labeling requirements. In most countries across the globe, labeling is mandatory and have specifications for labeling. For example the CE marking or the estimated sign used in European Union weights and measures accuracy regulations. The Green Dot is the example of environmental symbol. According to the regulations labeling of food items should disclose information about a number of aspects like date of manufacturing, expiry date or optimum storage period for the product which do not have an indefinite storage period, composition, storage conditions, necessary method of use, if necessary, precautions to be taken, contra-indications etc. Labels are part of the printed material on the package. The label is a strong sales tool and an integral part of purchase advertising.

Products may be adequately identified by giving the name of the product and the producer; most require somewhat more extensive descriptions of their nature and use. For example, processed foods, patent drugs, some cosmetics, etc. legally are bound to carry a fairly complete detail about their ingredients. Several products must give instructions for their use, as in the case of commercial plant food. Safety warnings should also be mentioned on labels of all potentially hazardous products or packages. For example "To be used under the direction of a medical practitioner" or keep out of reach of children "or Cigarette smoking is injurious to health".

Environmental awareness among the consumers has promoted the introduction of 'eco-label' awarded on the basis of a product's environment friendliness.

A good label is one which helps a potential buyer to help him take make decision with relevant and correct information. Apart from the information which must be given, the label should provide:

- (a) Picture of the product accurate as to size, colour and appearance.
- (b) Description of raw products used along with methods of processing.
- (c) Directions for use, including cautions against misuse.
- (d) Brand names
- (e) Dates of manufacture and expiry

- (f) Statutory warning, if any.
- (g) Contra-indications and adverse effects, if any.

In all packaging is an important component of marketing and manufacturers are coming with innovative packaging to attract the customer and labeling enables them to comprehend the materials used in the product.

KNOWLEDGE ASSESSMENT 4

Fill in the Blanks

- 1) _____ Packaging can be defined as an art, science and technology of preparing goods for transport and sale.
- 2) Attractive packaging is also an efficient _____.
- 3) Marketers define packages as the _____ of marketing.
- 4) Packaging may be _____ which refers to the product's immediate container.
- 5) Good packaging may lead to improved _____.
- 6) Consumer packaging is also intended to offer better convenience to the consumer and protect the product from _____.
- 7) _____ plays an important role for determining customer acceptance or rejection of a product.
- 8) A _____ is one which holds the required volume of a product for ultimate consumption is economical and can be easily purchased by the consumer.
- 9) A _____ is either for the consumer whose consumption is large or is bought to save cost.
- 10) Environmental awareness among the consumers has promoted the introduction of _____ awarded on the basis of a product's environmental friendliness.

Answers

- 1) Packaging
- 2) Point of purchase
- 3) Fifth 'P'
- 4) Primary
- 5) Consumer acceptance
- 6) Pilferage and damage
- 7) Colour
- 8) Consumer package
- 9) Bulk package
- 10) 'Eco-label'

QUESTIONS

- 1) Define a product. What are the various viewpoints to explain the concept of a product?
- 2) Discuss the core tangible and augmented product for your favorite brand of bathing soap.
- 3) Distinguish between generic market and product market.
- 4) Packaging is considered as the 5th P of Marketing Mix. What are its implications on the PLC? Discuss.
- 5) Discuss the importance of packaging as a tool for product differentiation and market cultivation.
- 6) "Packaging has been criticized as being expensive, giving no additional value and often deceptive." How would you justify marketers use of packaging?
- 7) What is packaging concept? Explain various packaging decisions in brief.
- 8) What are the functions of packaging? Explain various packaging strategies.

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