

## Product and Service Management

Unit 2

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### Product Planning

▶ Making decisions about features of products/services.

- ▶ Products
  - ▶ Packaging
  - ▶ Labeling
  - ▶ Branding
- ▶ Services
  - ▶ Warranties

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### Product Mix

▶ Includes all products that a company makes or sells.

Example: Kraft's Brands

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



Variations in Product Mixes

▶ International Kraft Brands

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



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▶ Companies usually opt to sell more than one product brand.

▶ Security of sale

▶ Prevents dependence on one product.

▶ Diversity among customers

▶

**Product Line vs. Product Item**

**Product Line**

**Product Item**

▶

**Think of 3 product lines ... ..**

**Think of 3 product items ... ..**

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**Product Width vs. Product Depth**

**Product Width**

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**Product Depth**

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

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

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**Product Mix Strategies**

**1. Developing New Products**

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

▶ **Consumer good**

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▶ **Industrial good**

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2. **Developing Existing Products**

▶ Expansions to product lines or modifications to products.

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

▶ **Line Extensions**

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

▶ **Product Modifications**

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



3. **Deleting a Product or Product Line**

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

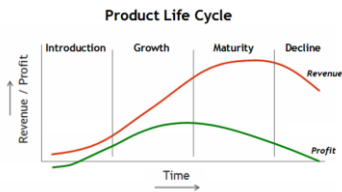
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The Product Life Cycle

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

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



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▶ Introduction

▶ Growth

▶ Maturity

▶ Decline

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### **Product Positioning**

▶ Effort made a company to identify, place and sell products in the marketplace.

▶ There are 4 ways to position products:

▶ By price and quality

▶ By features and benefits

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▶ In relation to the competition

▶ In relation to other products in a line

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