

Quadrant II – Notes

Paper Code	: ECG102
Module Name	: Nature of the product
Module No	: 11

MEANING OF A PRODUCT

According to Philip Kotler, a product is defined as anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need.

Products include tangible objects like cars, computers, or mobile phones, as well as intangible objects such as services.

Services refer to activities, benefits or satisfaction which is offered for sale or are provided in connection with the sale of goods. They are intangible in nature.

LEVELS OF PRODUCT

Products have three levels, which are known as ‘customer value hierarchy’. Every level adds more and more customer value.

1. Core Benefit

The core benefit is the fundamental need that the customer satisfies when they buy the product. It is important to think of the core benefit from the customers’ perspective. The easiest way to do this is to ask, “Fundamentally, why is the customer buying this product?” For example, the core benefit of a mobile phone is to provide a mechanism to make telephone calls when away from home or office.

2. Actual Product

The actual product is the product features and its design. Products typically have lots of features. The mobile phone, for example, consists of the design and features of the phone, like storage capacity, battery life, camera features, network capability, brand reputation and so on.

3. Augmented Product

The augmented product is any non-physical parts of the product. Typically, the augmented product includes such things as warranty and customer service. Taking mobile phone as an example, the augmented product could include a 12-month warranty for all customers.

Business customers may additionally receive a 24-hour replacement service for broken phones.

Adjusting the augmented product is a great way to add value to a product. It is very common to see product advertising campaigns focusing on the augmented product. This is because it is one area where it is possible for a company to be different from its competitors, which helps stand out in the marketplace.

ATTRIBUTES / FEATURES OF A PRODUCT

1. The Core or The Basic Constituent

The core product is the actual benefit sought by the consumer from the purchase of the product.

For instance, a smartphone designed by the company named One plus. It is presented as a consumer friendly phone in terms of its performing capacity and affordability to buy, as compared to the other smart phones in the market.

Although the product has all the distinct features, its core constituent is the product itself, i.e. the smart phone with the main purpose being able to make wireless calls to people and communicate with them.

Therefore, it is the core or basic constituent of the product that satisfies the needs of customers and hence greatly demanded in the market.

2. The Associated Features

The features of a product help in differentiating one company's product from its competitor. Being the first producer to introduce a new feature is one of the most effective ways to compete.

Considering the example of the smartphone; apart from making phone calls, we can identify its various associated features like good battery life, high quality camera, sufficient storage capacity, effective performance and so on. These can be termed as its primary features. The secondary features include colour, shape, product dimensions (length, width and thickness).

3. Product Quality

Product quality incorporates features that have a capacity to meet consumer wants, and constantly improve products thus making them free from any defects.

In simple words, it refers to the total goodness of the product. On the basis of the quality, customers evaluate the product as good or bad.

Product quality is important for both, the company as well as the consumer.

For a company, bad quality product will affect the customer's confidence and will badly affect the sales. This will result in lesser chances for the product to survive in the market.

For consumers, a high quality product gives them higher satisfaction and they would not mind paying a higher price. If they are not satisfied with the quality of the product, they will purchase from other competitors.

4. Brand name

A brand is defined as a name, term, symbol or design or a combination of them which is intended to identify the goods and services of one seller.

A trademark is a brand that has been given legal protection thus ensuring its use exclusively by one seller. Trademark is legal term, whereas brand is a marketing term. Giving brand names to products facilitates effective product promotion. Advertising an undifferentiated or unbranded product becomes a difficult task. A brand name facilitates advertising and promotion and functions as a demand stimulant.

The brand image developed by advertising and promotional measures creates brand loyalty among customers. These days' no one just asks for toothpastes. Rather, people specifically ask for a brand like Colgate, Pepsodent, Close-up and so on.

5. Packaging

Packaging is another feature of the product. In olden times, packaging was intended to protect the product and facilitate easy handling at distribution points.

In today's era, companies have gone a step further to make the best use of packaging; not only to protect the product but more-so to promote or increase the sales. On the other hand, consumers tend to buy packages that are eye catching, easy to handle and easy to use.

Packaging, thus, acts as a silent salesman of the company. The psychological effect of good packaging is that the customer feels that the producer thinks about him; his convenience is a concern for the producer. This attitude of customers has a far-reaching effect on the marketing of products.

Packaging helps branding and advertising. The mark of branding can be well imprinted in a container well packaged. A good packaging also minimizes the necessity of advertising. Packaging in an indirect way helps the demand for the well packaged goods to rise.