



NOUN SUMMARY

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MKT827: PRODUCT PLANNING AND DEVELOPMENT (PPD)

PRODUCT DECISIONS, PLANNING AND DEVELOPMENT

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'.

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.

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 firm's 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.

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.

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.

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.

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.

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.
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.
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.
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.
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.
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

CLASSIFYING CONSUMER PRODUCTS

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).

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.

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.

CLASSIFYING PRODUCTS

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

- Consumer products
- Business products

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