7.5.3.2.5 Product Mix Strategies

As more brands enter the market place and lock into a particular share of the market, it becomes more difficult to win and hold buyers. Other changes that occur are: (a) changes in consumer tastes and in particular, the size and characteristics of particular market segments, (b) changes in availability or cost of raw materials and other production or marketing components; and (c) the proliferation of small-share brands that reduce efficiencies in production, marketing, and servicing for existing brands. Because of factors such as these, a decision is made either to identify ways of changing the product in order to further distinguish it from others or to design a strategy that will eliminate the product and make way for new products. The specific strategy to accomplish these aims may be in several general categories.

Product modification: It is normal for a product to be changed several times during its life. Certainly, a product should be equal or superior to those of principal competitors. If a change can provide superior satisfaction and win more initial buyers and switchers from other brands, then a change is probably warranted.

Yet the decision should not be approached in a haphazard manner. There are definite risks. For example, a dramatic increase in product quality might price the existing target consumer out of the market, or it might cause him/her to perceive the product as being too good. Similarly, the removal of a particular product feature might be the one characteristic of the product considered most important by a market segment. A key question the marketer must answer before modifying the product is what particular attributes of the product and competing products are perceived as most important by the consumer. Factors such as quality, functions, price, services, design, packaging, and warranty may all be determinants.

This evaluative process requires the product manager to arrange for marketing research studies to learn of improvements buyers might want, evaluate the market reception given to the competitors' improvement and evaluate improvements that have been developed within the company. Also required is a relationship with the product research and development (R&D) department. Ideally, R&D should be able to respond quickly to the marketing department's request for product upgrading and should maintain ongoing programs of product improvement and cost reduction. Even suppliers and distributors should be encouraged to submit suggestions.

Product positioning is a strategic management decision that determines the place a product should occupy in a given market—its market niche. Given this context, the word "positioning" includes several of the common meanings of position: a place (what place does the product occupy in its market?), a rank (how does the product fare against its competitors in various evaluative dimensions?), a mental attitude (what are consumer attitudes?), and a strategic process (what activities must be attempted in order to create the optimal product position?). Thus, positioning is both a concept and a process. The positioning process produces a position for the product, just as the segmentation process produces alternative market segments. Positioning can be applied to any type of product at any stage of the lifecycle. Approaches to positioning range from gathering sophisticated market research information on consumers' preferences and perceptions of brands to the intuition of the product manager or a member of his staff.

Aaker and Shansby suggest several positioning strategies employed by marketers. A product or idea can be positioned:[8]

- by attributes—Crest is a cavity fighter;
- by price—Sears is the "value" store;
- by competitors—Avis positions itself against Hertz;
- by application—Gatorade is for after exercising;
- by product user—Miller is for the blue-collar, heavy beer drinker;
- by product class—Carnation Instant Breakfast is a breakfast food;
- by services provided—Circuit City backs up all its products.

Products and brands are constantly being repositioned as a result of changes in competitive and market situations. *Repositioning* involves changing the market's perceptions of a product or brand so that the product or brand can compete more effectively in its present market or in other market segments. Changing market perceptions may require changes in the tangible product or in its selling price. Often, however, the new differentiation is accomplished through a change in the promotional message. To evaluate the position and to generate diagnostic information about the future positioning strategies, it is necessary to monitor the position over time. A product position, like sports heroes, may change readily; keeping track and making necessary adjustments is very important.

7.5.3.2.6 Product Line Decisions

A product line can contain one product or hundreds. The number of products in a product line refers to its *depth*, while the number of separate product lines owned by a company is the product line *width*. Several decisions are related to the product line.

There are two basic strategies that deal with whether the company will attempt to carry every conceivable product needed and wanted by the consumer or whether they will carry selected items. The former is a *full-line* strategy while the latter is called a *limited-line* strategy. Few full-line manufacturers attempt to provide items for every conceivable market niche. Few limited-line manufacturers would refuse to add an item if the demand were great enough. Each strategy has its advantages and disadvantages.

Line extensions strategies involve adding goods related to the initial product, whose purchase or use is keyed to the product. For example, a computer company may provide an extensive selection of software to be used with its primary hardware. This strategy not only increases sales volume, it also strengthens the manufacturer's name, strengthens the association with the owner of the basic equipment, and offers dealers a broader line. These added items tend to be similar to existing brands with no innovations. They also have certain risks. Often the company may not have a high