Chapter 4
Product Mix Decisions

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INTRODUCTION

A major advancement in the world of marketing is the idea of "Marketing Mix." Sound marketing strategy starts with determining the marketing mix. The phrase "marketing mix" is used to describe the union of the four elements that make up the basis of a company's marketing system, namely the product, the price structure, the promotional activities, and the distribution system, according to William J. Station. Every business organisation must choose its marketing strategy to meet consumer demands. The corporation uses a combination of many marketing decision variables to sell its goods and services.

It provides the best possible blending of all marketing components, aiding in the achievement of organisational objectives like profit, market dominance, return on investment, sales volume, and so forth. It is a dynamic idea that focuses mostly on meeting client needs. The marketing mix will also be altered if the needs of the consumer change. It is a mix of choices made in four different categories: product, pricing, promotion, and place or physical distribution. These components are connected because choices made in one area have an impact on actions taken in the others.

COMPONENTS OF MARKETING MIX

Marketing mix involves decisions in four areas: (a) Product mix, (b) Price mix, (c) Promotion mix, and (d) Physical distribution mix

- **Product mix:** This refers to the combination of a product's characteristics, quality, image, and service. Product decisions are also influenced by packaging and branding.

- **Price mix:** The manufacturer's assessment of the product is reflected in the price. Pricing, allowances, discounts, and other credit terms must all be covered. It deals with price competition.
- **Promotion mix:** It includes decisions regarding advertising, publicity, sales promotion, conferences, exhibitions etc. to promote the product sale.
- **Physical distribution mix:** It comprises of decisions concerning the channels of distribution and the places at which the products should be made available to the customers.

SIGNIFICANCE OF MARKETING MIX

- It is a key component of consumer-oriented marketing since it focuses on meeting the demands of the customer and acts as a crucial bridge between the business and the consumer.
- It enables businesses to increase sales volume, generate significant profits, seize market leadership, and other benefits.
- The marketing mix's four fundamental components are interconnected.
- Modifications or decisions made to one element typically affect changes or decisions made to other elements.
- The dynamics of market competitiveness also have an impact on it.

PRODUCT-MIX DECISIONS

It is a significant and even vital decision for a company to make regarding its product policy because it frequently reflects not only the characteristics of the market and the firm's resources but also the management philosophy of the organisation. For a company, there are lots of options accessible. One company might adopt a diversification strategy. Another business might like to focus on, specialise in, and provide a limited range of products. For instance, the Serum Institute of India is devoted solely to immunological research. It is crucial to remember that market prospects for the firm's product mix serve to establish the upper bounds of prospective corporate profitability, whilst the effectiveness of the marketing strategy tends to dictate the degree to which such potential is realised.

It might be difficult to identify an ideal or optimal product mix, as Philip Kotler points out. The present product mix is considered to be optimal if no changes would increase the likelihood that the company will meet its goals and improve its

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performance. Therefore, it is crucial to diagnose a sub-optimal product mix. You wouldn't be able to determine whether your product mix is sub-optimal unless you routinely perform a SWOT (Strengths, Weaknesses, Opportunities, and Threats) study of each product.

Product-Mix is a comprehensive list of all the products offered by a company for selling. The width of the product mix is shown by the number of product lines it offers. There are various elements of product mix.

- Number of products lines
- Length: number of products in a products line
- Depth: Number of variants of a product
- Consistency: How closely related are product lines within the product mix.

Product Line refers to a collection of linked items that perform comparable functions. The depth of a product line is determined by factors such as the variety of sizes, dosage forms, strengths, concentration of active substances, flavours, and price range available within each product line.

Product Item is a unique component of a product line that can be identified by its size, dosage form, price, look, or other characteristics.

Few examples of ***Product-Mix*** include products of Nestle and Hindustan Unilever Ltd (HUL) as shown in **Figure 4.1** to **4.4**

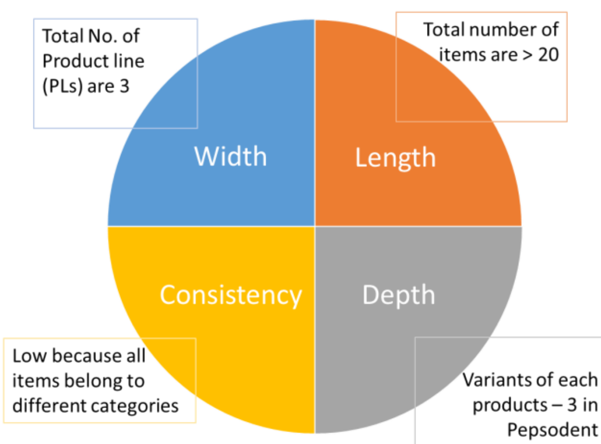

Figure 4.1: Product-mix of hindustan unilever ltd (HUL)

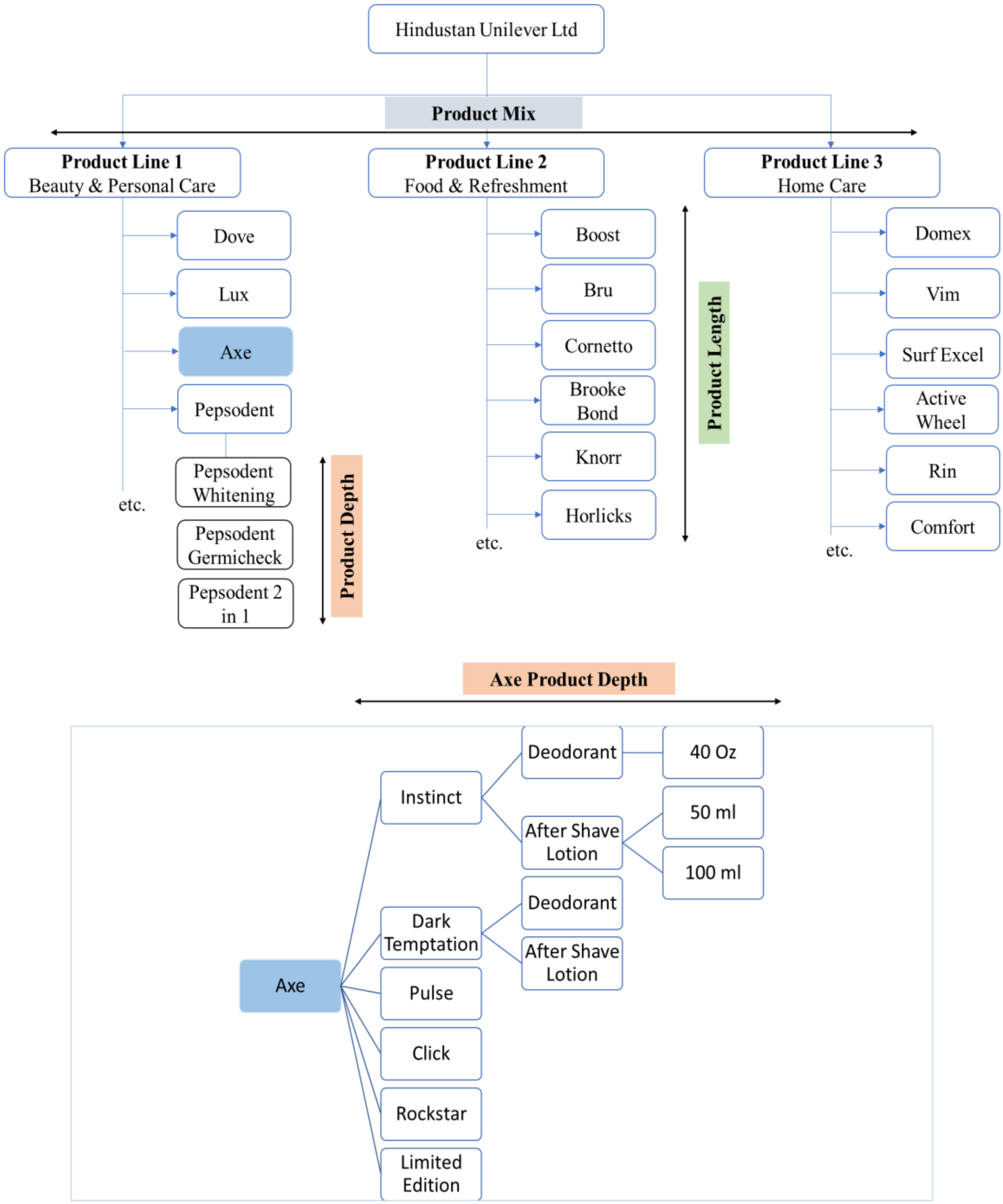

Figure 4.2: Products range of hindustan unilever ltd (HUL)

(Few products are shown in chart)

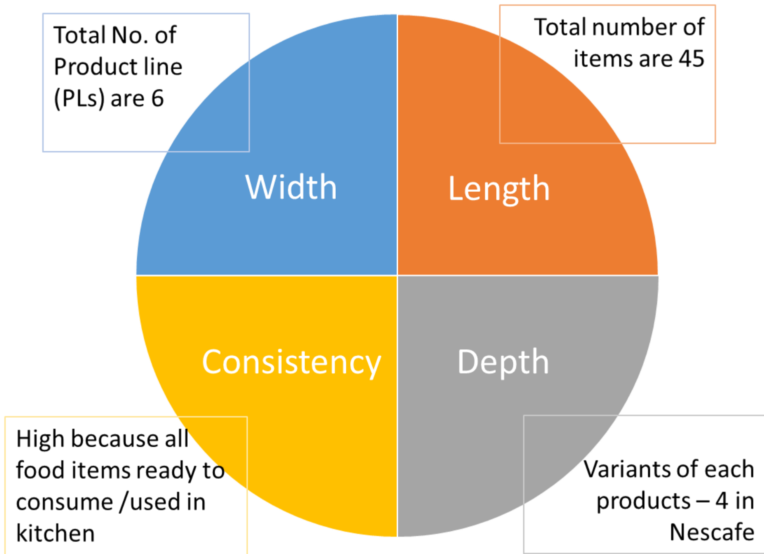

Figure 4.3: Product-mix of nestle

Figure 4.4: Products range of nestle (few products are shown in chart)

A company has the following strategic choices for resolving the issue:

- **Deletion:** Decisions on product discontinuation or abandonment of specific products, or even a whole product line, are part of the deletion strategy.
- **Product Modification:** This can be done by altering a product's tangible or intangible qualities. Some of the techniques frequently used in product modification tactics include reformulation, redesigning, changing the pack size or shape, modifying the taste or flavour, and deleting specific features. Many businesses have successfully planned and implemented product modification methods to lengthen the life cycles of their products, giving them a longer, healthier, and more profitable lease on life.
- **Introduction of New Items:** Any business enterprise existence and expansion depend on the introduction of new products.
- **Product Line Extension:** When a company introduces additional items in the same product category under the same brand name such as new flavors, forms, colors, added ingredients, package sizes is called product line extensions. Its is of two types, one is stretching upwards and another is stretching downwards. Examples are shown in **Figure 4.5**

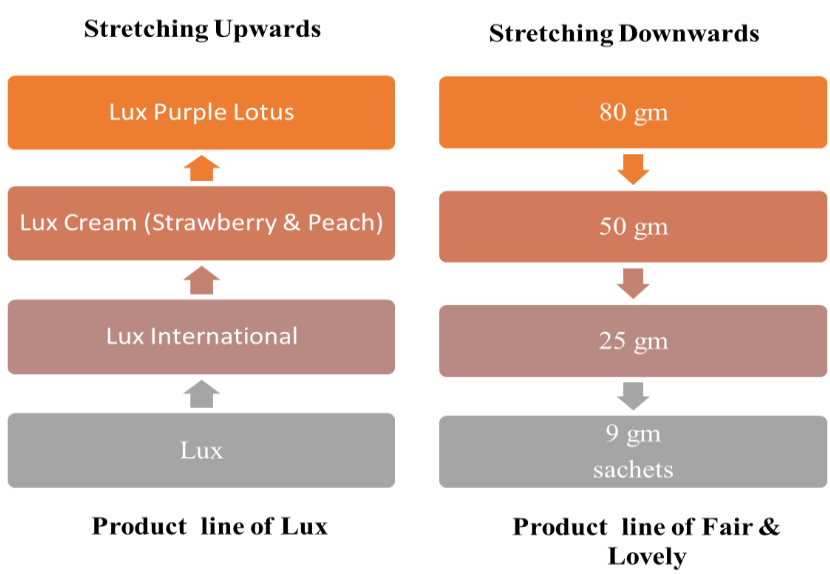

Figure 4.5: Product line extension

