



Important role of Components of Product for Competitive Advantage in Marketing

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Received 21 December, 2013; Accepted 30 December, 2013© The author(s) 2013. Published with open access at www.questjournal.org

ABSTRACT:- This paper aims to specify that to be successful in marketing, producers need to be careful about planned strategies for managing their components of their product. A product is the set of all components offered for sale by a company. The following points are majorly considered in this paper related to important role of Components of Product for Competitive Advantage in Marketing like the strategy of classification of goods and services a firm provides to the customers.

Finding the right product is not at all a solution but to concentrate on the components of the product is the biggest challenge. Management's capability to bring attention to a product and to differentiate it in such a way from similar products goes long way toward determining that product's revenue. In this paper it is proved that the primary thing is to develop strategies like what products to introduce, managing existing products over time, and dropping products and also decisions must be made regarding branding, packaging, and other product features such as warranties.

Keywords: - Product, Marketing Strategy, Marketing Mix, Competitive Advantage.

I. INTRODUCTION

Important role of Components of Product for Competitive Advantage in Marketing is basically constituent of five elements such as positioning of the product, product expansion, alteration of existing products, product contraction and trading up & trading down. It cannot be only a sole responsibility of Marketing Department to develop and execute the optimum product instead it should be done at all levels of hierarchy in the organization. The issue with many companies is that their organization put many efforts to attract customers for buying their product, but spend very less time to understand their changing preferences and to develop the product as per the feedbacks. A product must be worked into business strategy and should be implemented as a daily routine throughout the company as a whole. It is not only the job of marketing department to develop optimum product but to execute and implement the same at all levels of production in the organizations. The business strategy must include that the line managers should be responsible to develop the product skills and to support their immediate subordinate's suggestions related to product components (Kotler, 1999). Similarly the senior managers should mentor the line managers and the top level managers should support their talented marketing managers. Marketing executives should be trained to understand the importance of product it builds up their potentials to implement it at various levels so as it can be channelized to attain organizational goals of profit maximization.

There are few important things which should be implemented for important role of Components of Product for Competitive Advantage in marketing i.e. support of the CEO and top level management [1]; the Manager's mentoring during the process of implementing optimum mix of components of a product. Similarly the accountability and support of the executive team is key factor in the competitive advantage in marketing. Not only this but also with the support of Marketing manager, the whole process of Product should be designed and followed with perfection.

Needless to say, many people think that a product is a tangible offering, but it is more than that as in planning its marketing offering, the marketer needs to address design, technology, packaging, branding, usefulness, value, quality, convenience, warranties. In today's environment the firms have to think more strategically and creatively that how to increase the output with the less input. The same approach is applicable in managing product.

To engage marketing employees for product marketing, firm needs positive leadership. As it helps to analyze consumer markets and then enables to develop the product strategy. The product always acquires a higher market share and attains loyal customers in near future. To develop and execute product is not really an easy task but if top management helps creativity to grow by understanding the need of hour then marketing department can bring innovative changes in product by including the competitors' strategies along with the current requirement of the customers. This world is of mass customization because customer is the king.

II. RECENT TREND

Always there are different factors that influence the development of strong customer relationships in market. Organizations are concentrating on the strong exchange relationships; and an understanding of relationship value of a customer as there is a framework which suggests that interrelationship between the variables of product at different levels. Each successive level of strategies results in ties that continuous feedback due to which dynamic modelling of product is designed. Following strategies are in trend for developing an optimum product as stated in figure1.

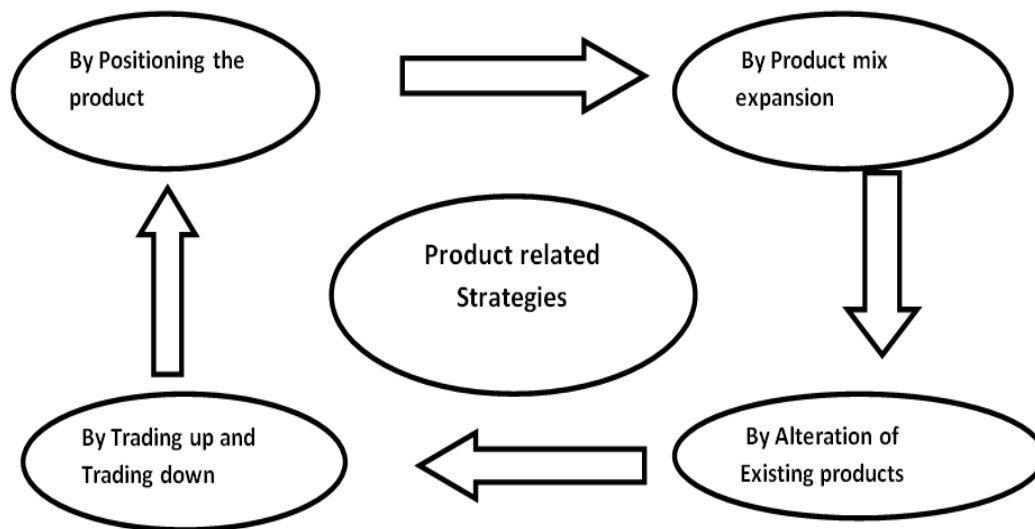


Fig. 1 Important components of Product

1.1 Design

Many products can be offered with different designs that supplement their basic functions. It is a potent way to differentiate and position company's products and services [2]. In fast paced economy design factor often gives a company a competitive edge. Design is the total of features that affect the looks of the product its functions in terms of customer requirements. For a customer a well-designed product is one that is easy to open, install, use, repair hence the designer must take all these factors in account also developing products or rural market is very important.

There are several innovative ways in which companies are designing products for rural India. For illustration sachets are invention of rural marketing strategy. The arguments for good design are particularly compelling for smaller consumer products.

1.2 Technology

Consumers seem to be constantly searching for new products. They want new colours, products, styles. Furthermore they want to be moved gently from their comfort zone with the existing products to new pattern of new products without any hassle. Consequently the manufacturers use technology to bring product with a new style and different features. Significant technical improvements result in more effective product. For example, floppy discs were taken over by compact discs rendered floppy discs obsolete. Superficial characteristics of a product are altered so that the new model can be differentiated from earlier model. It is possible by updated technology.

1.3 Usefulness

Customers always look for product utility and hence usefulness of product can increase market share of the product as it is very essential component to have competitive advantage in the market a product should be

developed keeping extra uses in comparison to same type of product available in the market. Product differentiation is established in the market by increasing the usefulness of a product.

1.4 Value

Value is something which is a look around of companies while developing a product so that if customers are paying then they should not feel that they have been charged more than the manufacturing cost of the product. Hence high performance product which meets or exceeds a customer demand related to a product's performance should be developed.

1.5 Convenience

It is a parameter related to usage of the product and the usage of product should bring ease in life of customer. The customer should be able to use and handle it in a simple manner. The maintenance charges should be minimal.

1.6 Quality

Quality is becoming an increasingly important dimension for product differentiation as companies adopt the value model and provide higher quality for less money. Continuously improving the product can produce high returns and market share and failing to do so can have negative impact.

1.7 Packaging

The act of designing and producing the container for a product means packaging. Innovative packaging can bring large benefits to consumers and it will be profitable to producers. Firms are incorporating unique materials and features such as sealable spouts and openings. Packaging achieves an identity for the brand, conveys descriptive information to consumers, and facilitates protection of the product during the transportation.

1.8 Branding

Branding is empowering products and services with the power of a brand. For branding value to be created, customers must be convinced there are meaningful differences among brands in the different products or services. It is often related to components and benefits of the product itself. It usually assures high or at least consistent quality and hence encourages repeat purchasing.

1.9 Warranties

The sellers are legally responsible for fulfilling buyer's reasonable expectations. Warranties are the formal statements of expected product performance. The products under warranty can be returned and replaced at the designated repair centre of the manufacturer as per the conditions mentioned in the warranty card.

III. COMPONENTS OF A PRODUCT: A CHALLENGE

The Important role of Components of Product for Competitive Advantage in Marketing is about the combination of ten components i.e. Design, Technology, Usefulness, Value, Convenience, Quality, Packaging, Branding and Warranties and every company has the option to design an optimum admix in order to create a trusted marketing strategy. The marketing manager has to consider the behavioural forces and then decide product components in his mix considering the available resources. The manager must examine the resources of the company to decide a mix of procedures that fit the resources. The top level management has to support their effort in supporting new ways of business through the organization.

3.1 Customers

The marketing manager has to identify the target customers by discovering the cultural factors, social factors, family types, personal factors, personality and self-concept, lifestyle as well as values for deciding appropriate product. Proper market research, foresighted approaches are very important factors to locate target markets.

3.2 Lack of Uniformity

There is no fixed rule or scientific procedure for admixture of the components of a product. Thus it leads to chaotic situation due to lack of standardization.

3.3 Varying Environment

Components of product are dynamic and flexible [3]. Thus it changes with the change in needs and preferences of the customers and market forces like demographic environment, economic environment, social cultural environment, political legal environment, technological environment and marketing situation.

3.4 Low Pragmatic Approach

There is no specification on how much percentage of attention to design, usefulness, value, quality, packaging or other component can bring about an optimum result hence it cannot substitute an individual's strategy. It is not pragmatic in nature.

All the above evidences clearly signify the challenges in deciding the blend of components of a product for competitive advantage.

IV. STRATEGIES FOR IMPORTANT ROLE OF COMPONENTS OF PRODUCT FOR COMPETITIVE ADVANTAGE IN MARKETING

The various organizations have to form a bonding with the customers beyond the traditional relationship of a seller – buyer. Furthermore the available resources in the organisation should be the basis for marketing strategies related to important role of Components of Product for Competitive Advantage in Marketing. Following figure 2 shows the components of a product.

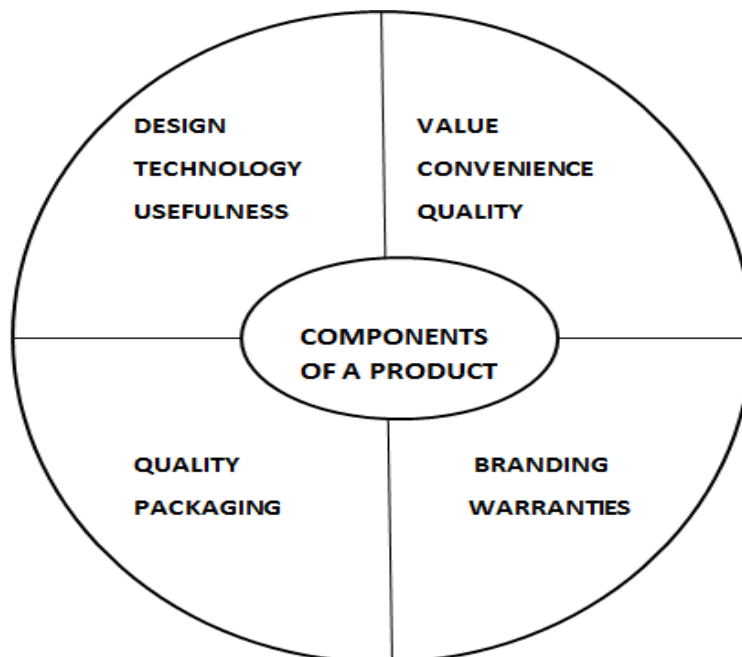


Fig. 2 Components of a Product

4.1 Positioning the Product

The positioning of the product is important for bringing customer's attention to a product and to differentiate it is a favourable way from similar products [4]. It goes a long way in determining that product's revenue. For illustration, Magic Tadka is a restaurant in Pune and it has developed multiple offerings to satisfy diverse target customers. Low carbohydrates food is offered to calorie conscious customers. The following table no. 1 validates it (source is primary data from the survey).

Table 1.Sales of Magic Tadka in 2013 (Thousands of Units)

Company	2013 in units	2013 Market Share (%)	2012 in units	2012 Market Share (%)
Magic Tadka	333,938.00	19.1	422,478.30	23.8
Fab Food	384,631.20	22	315,052.20	17.7
Shri Krishna	1,301,33.2	7.5	89,263.20	5
Bhojanalaya	67,344.40	3.9	56,881.80	3.2

Positioning strategies are basically of three types- positioning in relation to a competitor, positioning in relation to a product class or attribute and positioning by price and quality. Marketing executives can choose from the above mentioned varieties their positioning strategies. Generally they decide to use more than one for a particular product.

4.2 By Product Expansion & Contraction

The product expansion is accomplished by increasing the depth in a particular line and the number of lines a firm offers to customers. For example, Vaseline announcing new versions of Intensive Care lotions or as the way Fair and Lovely had announced men's cream. The new line is related to the existing product because company wants to capitalize on its strengths. The following table no. 2 validates it (source is primary data from the survey of medical stores of Kharadi)

Table 2: Sales of Vaseline Intensive care lotion and Fair & lovely Men's Cream in 2013 (at medical stores in Kharadi)

Company	2013 in units	2013 Market Share (%)	2012 in units	2012 Market Share (%)
Vaseline	58,015.90	3.3	86,370.90	4.9
Fair & Lovely	34,210.30	2	51,541.90	2.9

The product expansion is accomplished by eliminating an entire line or simplifying the assortment in a line or else decreasing the depth in a particular line and the number of lines a firm offers to customers. For example, in services fields, some travel agencies have shifted from selling all modes of travel to concentrate on specialized tours and trips to certain exotic tourist places.

4.3 By Alteration of Existing Products

The improvement of existing product is known as product alteration. It is more profitable and less risky than developing a completely new one. Redesigning the product itself can sustain its appeal and even initiate its rebirth. To gain a small differential advantage, companies are offering variety of food products in packages that reseal using zipperlike devices like pappad's of Bikaner are designed and developed on the same pattern. The following table no. 3 validates it (source is primary data from the distributors).

Table 3: Sales of Bikaner Papad in 2013 (Thousands of Units)

Company	2013 in units	2013 Market Share (%)	2012 in units	2012 Market Share (%)
Bikaner Papad	77,054.20	51.3	144,720.30	69.7
Lijjat Papad	35,456.00	23.6	43,457.40	20.9

4.4 By Trading Up and Trading Down

The product strategies of trading up and trading down involve a change in product positioning and expansion of the product line [5]. Trading up means adding a higher-price product to a line, in order to attract a higher share in the market. Meaning of Trading down is adding a lower-price product to a company's product line. The firm expects that people who cannot afford the original higher-price product or who prefer to buy the new lower-price product. For example, Navneet Publications (India) Limited brought low costing notebooks for student's requirement. The following table no. 4 validates it (source is primary data from the distributors).

Table 4: Sales of Navneet Publications (India) Limited in 2013 (Thousands of Units)

Company	2013 in units	2013 Market Share (%)	2012 in units	2012 Market Share (%)
Navneet Publications (India) Limited	33,916.30	1.9	40,269.10	2.3
Classmate Publications (India) Limited	32,121.80	1.8	21,414.53	1.2

4.5 To formulate strategies on the basis of Product Life Cycle

The combined effects of changing demographics and increasing globalisation are causing organisations to widen their product and hence firms should understand the product life cycle. The war for market share will not stop and the effect will hit employers who have not been cautious in taking decisions on marketing strategies. Forward thinking employers will use the momentum of the optimum product to ensure that they understand what makes a product an important tool for Competitive Advantage in Marketing and it is a herculean task to decide an optimum product. Firms should make specific plans to identify and to develop the components of product.

The product life cycle denotes the different stages through which the sale of any product changes in a time period. There are four stages- introduction stage, growth stage, and maturity and decline stage. A product is introduced in the market then it gains more and more customers as it grows [6]. Gradually the market stabilises and the product becomes mature there after a period of time it declines because of the development and introduction of superior competitors and is eventually withdrawn as shown in the figure 3.

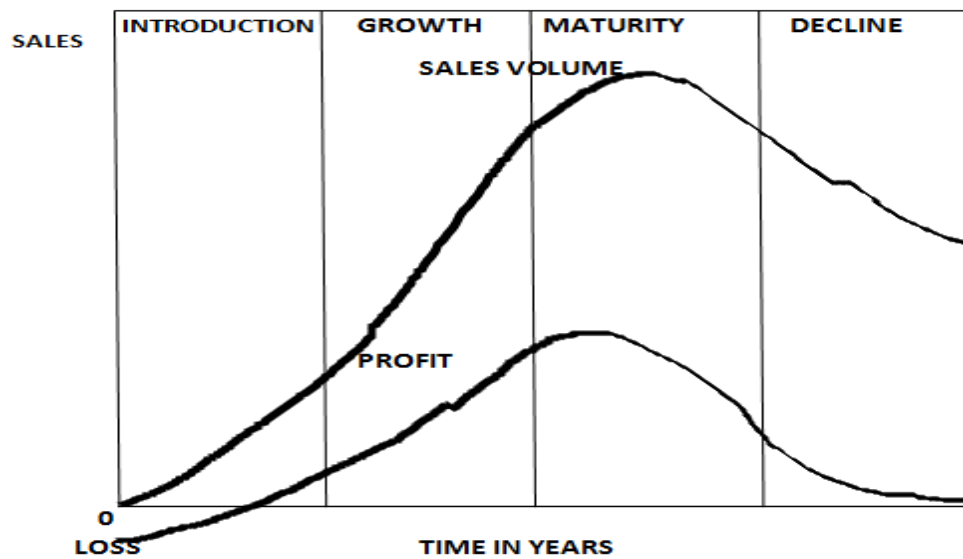


Fig. 3 Product Life Cycle

Business must ensure that they are able to quickly produce, on an annual basis, a comprehensive and validated overview of the current and future customer's requirements and bridge the gaps by developing the existing products [7]. Hence the firms can not only include just implementing line extension, but also modify product, designing new promotion and devising new uses for the product. Such steps will lead to added purchases by present customers and may attract new customers.

Survival in the declining stage is possible by ensuring that marketing and production programs are as efficient as possible [8]. Improve the product in a functional sense or revitalize it in some manner. For illustration, some publishers like Encarta are working hard to maintain the appeal of the book. As part of collaboration now the same information is available on CD's for use on personal computers and also in traditional pattern. Firms require an important role of Components of Product for Competitive Advantage in Marketing tool that measures both behaviours and personality of customers and must ensure that the tool is fair, which means culturally validated, using multi-rate input and with clear norms/benchmarks (at individual and organisational level).

As important role of Components of Product for Competitive Advantage in Marketing can be ensured only by proper understanding of available resources to meet the customer's requirement related to products and services. We all know that those firms with poor understanding of importance of components of product had lost the market share due to impulsive reaction related to mass production rather than mass customization. However the firms which are following mass customization are benefitted as they had hold on their customers need and develop the product on the same. The organisations are paying the price for a lack of focused product activities during formulating the marketing strategy.

V. CONCLUSION

This report is an overview of the past, present and future of the important role of Components of Product for Competitive Advantage in Marketing. This report takes a wide view of on accurate admix of components of a product, as the biggest challenges before the marketing professionals in today's world where buyer is the king. Due to cut throat competition in the era of Globalization wherein there is emphasis on customer care. Also there is a paradigm shifts in information technology as well as information technology enabled services necessitated the organizations to focus on management of product. A firm must select strategies regarding its product where it should decide how to position the product relative to competing products and other products sold by the firm. Secondly a firm should decide how to enlarge the product by incorporating items to by introducing a new line. Modifying the design, packaging can be other options among choosing a strategy to develop a unique product. The product can also be altered by decimating an entire line. Instead, management may decide to trade up or trade down relative to current products.

Executives should understand the concept of product life cycle, which shows the total sales volume for a particular product. There are four stages i.e. introduction, growth, maturity and decline. The product management during the life cycle presents different challenges and opportunities. Planned obsolescence is a controversial product strategy because it is built around the concepts of style, fashion. However fashion is essentially a sociological and psychological phenomenon as it is predictable pattern. Appropriate blend of components of a product is important strategy for attaining larger market share and competitive advantage.

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