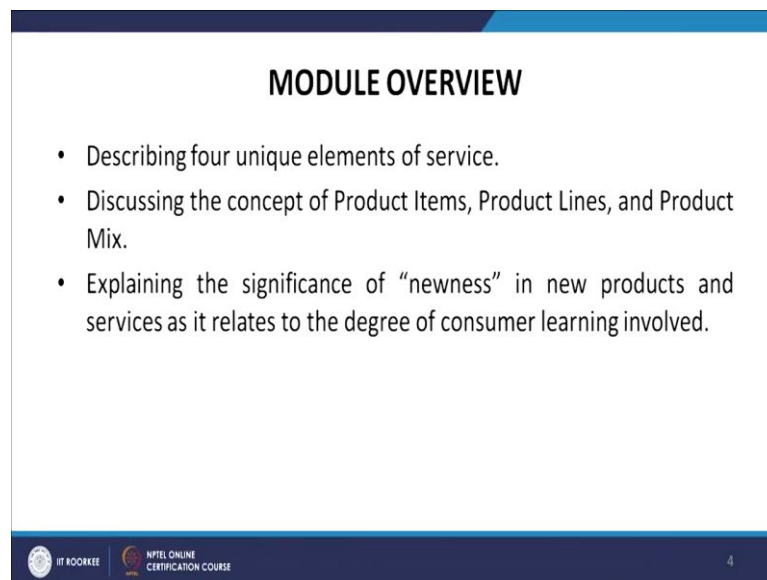


Introduction to Marketing Essentials
Prof. Zillur Rahman
Department of Management Studies
Indian Institute of Technology, Roorkee

Lecture – 20
Developing New Products and Services – II

Welcome to Introduction to Marketing Essentials. Now we will talk about module 20 and we are still discussing the topic of Developing New Products and Services. Now, we will talk about module 20 and we will continue the discussion on developing new products and services that we started with in module 19.

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MODULE OVERVIEW

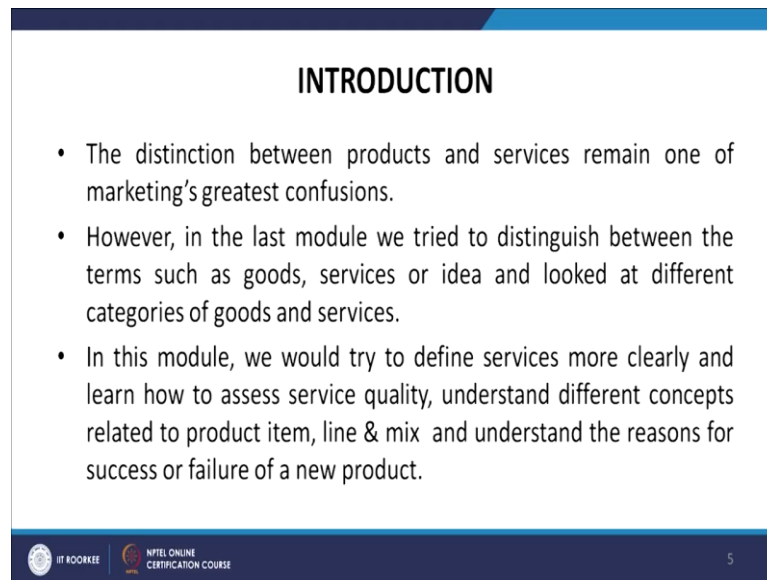
- Describing four unique elements of service.
- Discussing the concept of Product Items, Product Lines, and Product Mix.
- Explaining the significance of “newness” in new products and services as it relates to the degree of consumer learning involved.

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So, we are still continuing with developing new products and services and in this module we will describe four unique elements of services, discuss the concept of product items, product lines and product mix. Then explain the significance of newness in new products and services as it relates to degree of consumer learning involved.

Now let us look at the distinction between products and services and it remains one of the marketing greatest confusion. However, in the last module we had tried to distinguish between the terms such as goods, services or ideas and looked at different categories of goods and services. In this module, we would try to define service more clearly and learn how to assess service quality, understand different concepts related to the product item, line and mix and understand the reasons for success or failure of a new product.

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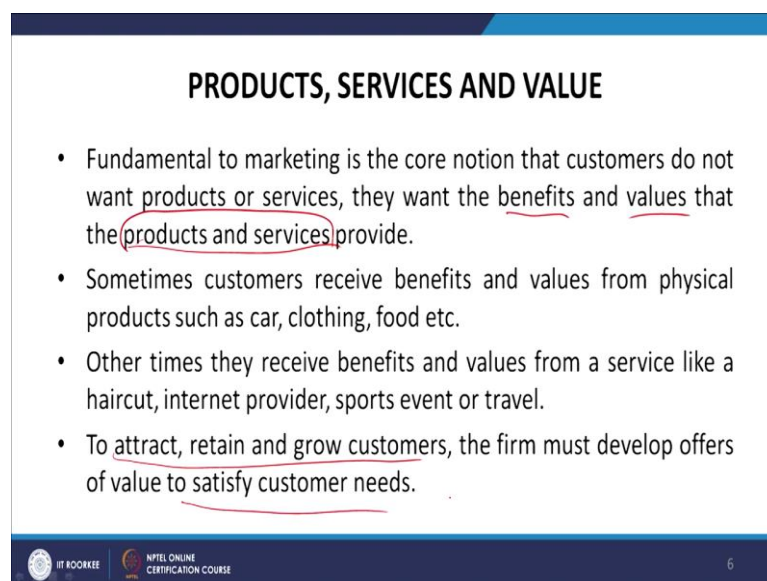


INTRODUCTION

- The distinction between products and services remain one of marketing's greatest confusions.
- However, in the last module we tried to distinguish between the terms such as goods, services or idea and looked at different categories of goods and services.
- In this module, we would try to define services more clearly and learn how to assess service quality, understand different concepts related to product item, line & mix and understand the reasons for success or failure of a new product.

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PRODUCTS, SERVICES AND VALUE

- Fundamental to marketing is the core notion that customers do not want products or services, they want the benefits and values that the products and services provide.
- Sometimes customers receive benefits and values from physical products such as car, clothing, food etc.
- Other times they receive benefits and values from a service like a haircut, internet provider, sports event or travel.
- To attract, retain and grow customers, the firm must develop offers of value to satisfy customer needs.

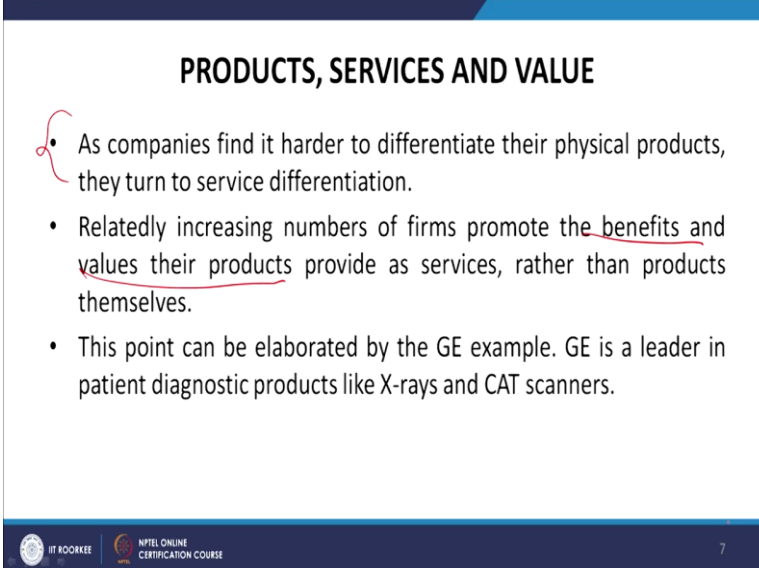
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Now, let us start with product, services and value. Fundamental to marketing is the core notion that consumers do not want product or services, but they want the benefits and values that the product and services provides. So, we want these benefits and values and not products and services, but the whole idea is that these benefits and values they sit on these products and services.

So, sometimes consumers receive benefits and values from physical products such as car, clothing and food etcetera. At other times they receive benefits and values from a service

like a haircut, internet service provider or a sports event or travel. To attract, retain and grow customers, the firm must develop offers of value to satisfy customer needs. Now, in order to attract, retain and grow customers the firms must develop offers of value so as to satisfy the consumer needs.

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PRODUCTS, SERVICES AND VALUE

- As companies find it harder to differentiate their physical products, they turn to service differentiation.
- Relatedly increasing numbers of firms promote the benefits and values their products provide as services, rather than products themselves.
- This point can be elaborated by the GE example. GE is a leader in patient diagnostic products like X-rays and CAT scanners.

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As companies find it harder to differentiate their physical products they turn to service differentiation. So, this is important that because it is now becoming difficult to differentiate the physical products. So, they are now turning to service differentiation. Relatedly increasing number of firms promote the benefits and values their products provide as service rather than products themselves.

So, you see that we are talking of the benefits and values that that products provide, but now we are talking about the services that are attached to this product. So, the case in point can be elaborated by the GE example. GE is a leader in patient diagnostic products like X- rays and CAT scanners.

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GE: FROM PRODUCT LEADER TO SERVICE PROVIDER

- Traditionally, GE provided aftersales customer services to hospitals and clinics to ensure that the products performed well.
- Today, GE services any diagnostic machine, even competitor machines.
- GE service provides real value - a single source for all equipment servicing.
- GE even manages all diagnostic operations-including maintaining, upgrading and replacing existing equipment.



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Now, let us look at how this GE had moved from product leaders to service provider. So, traditionally GE provided after sales customer services to hospitals and clinics to ensure that their products performed well. Today, GE services any diagnostic machine even competitors machines. GE service provides real value - a single source for all equipment servicing. GE even manages all diagnostic operations - including maintaining, upgrading and replacing existing equipments.

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WHAT IS SERVICE?

- A service is any act or performance that one party can offer another that is essentially intangible and does not result in the ownership of anything.
- Most services concern people (education, medical treatment, restaurants, theatre and transportation); products (car repair, house cleaning, real estate and retail distribution); or information (business, financial, and legal services).

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Now, let us look at, what is a service? A service is any act or performance that one party can offer to another party that is essentially intangible and does not result in the ownership of anything. So, it is any act of performance that is provided by one party to another, but it is essentially intangible and also does not result in the ownership of anything.

Most service concern people for example, education, medical treatment, restaurants, theatres and transportation. Then they also concern products for example, car repair, house cleaning, real estate and retail distribution or they are information based for example, business, financial and legal services.

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THE UNIQUENESS OF SERVICES
FOUR I'S OF SERVICES.

- Four unique elements distinguish services from goods. These are known as the four I's of Services:
 - 1 - Intangibility
 - 2 - Inconsistency
 - 3 - Inseparability
 - 4 - Inventory

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Now, let us look at the uniqueness of services which is based on the four I's of services. So, four unique elements distinguished services from goods and these are known as four I's of services. So, the first I is intangibility, the second I is inconsistency, the third I is inseparability and the fourth I is inventory.

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**THE UNIQUENESS OF SERVICES:
INTANGIBILITY**

- Being intangible, services can't be touched or seen before the purchase decision.
- Instead, services tend to be a performance rather than an object, which makes them much more difficult for consumers to evaluate.
- To help consumers assess and compare services, marketers try to make them tangible or show the benefits of using the service.

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So, let us start with the first one that is intangibility. Being intangible, services cannot be touched or seen before the purchase decision. Instead, services tend to be a performance rather than an object which makes them much more difficult for consumers to evaluate. To help consumer assess and compare services marketers try to make them tangible or show the benefit of using the service. So, earlier we have seen that how products are now being differentiated on services and now we are looking at they are trying to make them tangible.

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**THE UNIQUENESS OF SERVICES:
INCONSISTENCY**

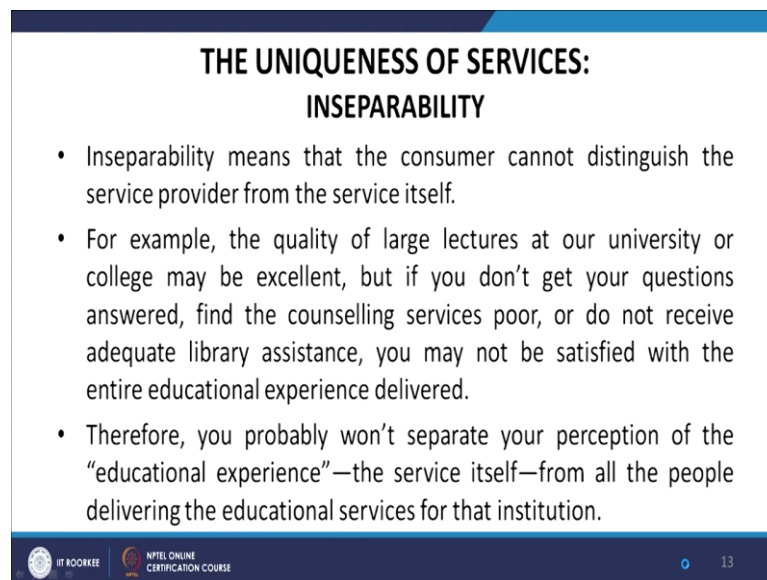
- Services depend on the people who provide them. As a result, their quality varies with each person's capabilities and day-to-day job performance.
- Inconsistency is more of a problem in services than it is with tangible goods.
- Tangible products can be good or bad in terms of quality, but with modern production lines, their quality will at least be consistent. On the other hand, it is difficult to ensure consistency in services.
- Organizations attempt to reduce inconsistency through standardization and training.

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Another I is inconsistency. Services depends on the people who provide them. As a result their quality varies with each person's capability and day to day job performance. Inconsistency is more of a problem in services then it is with tangible goods. Tangible goods can be good or bad in term of quality, but with modern production lines their quality will at least be consistent.

On the other hand it is difficult to ensure consistency in services. Organizations attempt to reduce inconsistency through standardization and training - standardization of the service process and training of the service personnel, service staff.

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THE UNIQUENESS OF SERVICES:
INSEPARABILITY

- Inseparability means that the consumer cannot distinguish the service provider from the service itself.
- For example, the quality of large lectures at our university or college may be excellent, but if you don't get your questions answered, find the counselling services poor, or do not receive adequate library assistance, you may not be satisfied with the entire educational experience delivered.
- Therefore, you probably won't separate your perception of the "educational experience"—the service itself—from all the people delivering the educational services for that institution.

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The next I is inseparability. Inseparability means that the consumers cannot distinguish the service providers from the service itself. So, the service provider and the service they come together. For example, the quality of large lectures at our university or college maybe excellent, but if you do not get your questions answered, find the counselling services poor or do not receive adequate library assistance you may not be satisfied with the entire educational experience delivered by our university.

Therefore you probably would not separate your perception of the educational experience-the service itself- from all the people delivering the education services from that institution

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**THE UNIQUENESS OF SERVICES:
INVENTORY**

- Many goods have inventory handling costs that relate to their storage, perishability, and movement.
- With services, these costs are more subjective and are related to idle production capacity, which is when the service provider is available but there is no demand for the service.
- For a service, inventory cost involves paying the service provider along with any needed equipment.
- If a physician is paid to see patients but no one schedules an appointment, the idle physician's salary must be paid regardless of whether the service was performed.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 14

Next I is inventory. Many goods have inventory handling cost that relates to their storage, perishability and movement. With services, these costs are more subjective and are related to idle production capacity which is when the service provider is available, but there is no demand for the service.

For a service, inventory cost involves paying the service provider along with the needed equipment. So, the service provider is there with the equipment, but there are no customers, still the service provider has to be paid. For example, if a physician is paid to see a patient, but no one schedules an appointment, the idle physician's salary must be paid regardless of whether the service was performed or not.

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THE UNIQUENESS OF SERVICES

*Core Product / Service
↓
Supplementary Service*

- Today, many businesses find it useful to distinguish between their core product—either a good or a service—and supplementary services.
- ICICI Bank has both a core service (a bank account) and supplementary services, such as deposit assistance, at-home services, and ATMs.
- Supplementary services often allow service providers to differentiate their offerings from those of competitors to add value for consumers.

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Now let us look at the uniqueness of services. Today many businesses find it useful to distinguish between their core products that is either a good or a service and supplementary services.

So, they are distinguished between a core product that may be a good or a service and then supplementary services. So, ICICI Bank offer a core service that is a bank account and supplementary services, such as deposit assistance, at home services and ATMs. Supplementary services often allow service providers to differentiate their offering from those of competition to add value for the consumers.

So, there can be a core product or a core service, but it is followed by supplementary services.

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ASSESSING SERVICE QUALITY

- Once a consumer tries a service, how is it evaluated?
- Primarily by comparing expectations about a service offering to the actual experience a consumer has with the service.
- Differences between the consumer's expectations and his or her actual experiences are identified through gap analysis.
- This analysis asks consumers to assess their expectations and experiences on dimensions of service quality such as those illustrated in Figure 20.1 for airline customers.

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The next topic that we will talk about today is assessing service quality. Once a consumer tries a service, how is it evaluated? Primarily by comparing expectations about the service offerings to the actual experience a consumer has with the service. The differences between the consumer's expectations and his or her actual experience are identified through gap analysis. This analysis asks consumers to assess their expectations and experience on dimensions of service quality such as those illustrated in the figure 20.1 for the airline consumers.

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ASSESSING SERVICE QUALITY

DIMENSION	DEFINITION	EXAMPLES OF QUESTIONS AIRLINE CUSTOMERS MIGHT ASK
1 Reliability	Ability to perform the promised service dependably and accurately	Is my flight on time?
2 Tangibility	Appearance of physical facilities, equipment, personnel, and communication materials	Are the gate, the plane, and the baggage area clean?
3 Responsiveness	Willingness to help customers and provide prompt service	Are the flight attendants willing to answer my questions?
4 Assurance	Knowledge and courtesy of employees and their ability to convey trust and confidence	Are the ticket counter attendants, flight attendants, and pilots knowledgeable about their jobs?
5 Empathy	Caring, individualized attention provided to customers	Do the employees determine if I have special seating, meal, baggage, transfer, or rebooking needs?

Figure 20.1: The five dimensions related to the quality of a service are illustrated with questions airline customers might ask.

Source: Roger, K., Steven, H. & William, R. (2013) Marketing: The Core. McGraw-Hill Irwin, Fifth Edition.

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So, this is this figure 20.1. On the left hand side we have these five dimensions of service quality, here we are defining them and then we have examples of questions airline customers might ask. So, one dimension of service quality is a reliability and the definition of this reliability is the ability to perform the promise service dependably and accurately. So, the airline customer may ask, is my flight on time?

The second dimension of service quality is tangibility and the definition of tangibility is the appearance of physical facilities, equipment, personnel and communication material and the customer might ask, are the gate, plane and the baggage area clean?

The third dimension is responsiveness. It is defined as willingness to help customers and provide prompt service. So, a customer might ask, are the flight attendants willing to answer my questions?

The fourth dimension of service quality is assurance, which is defined as knowledge and courtesy of employees and their ability to convey trust and confidence and the examples of questions that the customer may ask, are the ticket counter attendants, flight attendants and pilot knowledgeable about their jobs?

The fifth and the last dimension of service quality is empathy, which is defined as caring, individualized attention provided to the customers And the questions include, do the employees determine if I have a special seating, meal, baggage, transfer or rebooking needs?

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ASSESSING SERVICE QUALITY

- Expectations are influenced by word-of-mouth communications, personal needs, past experiences, and promotional activities, while actual experiences are determined by the way an organization delivers its service.
- Recent studies suggest that customers who experience a “service failure” will increase their satisfaction if the service provider makes a sincere attempt to address the complaint.

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Now expectations are influenced by word-of-mouth communication, personal needs, past experiences and promotional activities, while actual experiences are determined by the way an organization delivers its services. Recent studies suggest that customers who experience a service failure will increase their satisfaction if the service providers make a sincere attempt to address the complaint.

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PRODUCT ITEMS, PRODUCT LINES, AND PRODUCT MIXES

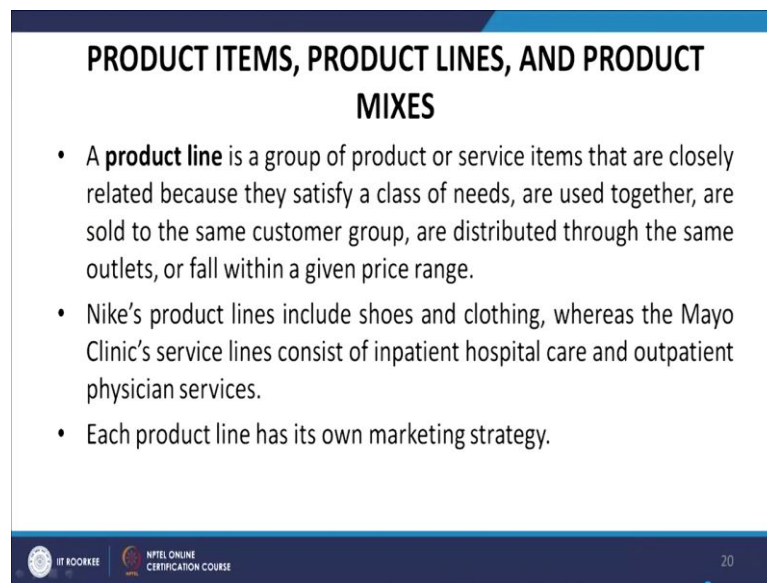
- Most organizations offer a range of products and services to consumers.
- A **product item** is a specific product that has a unique brand, size, or price.
- For example, Surf Excel detergent for clothes comes in several different sizes. Each size is a separate stock keeping unit (SKU), which is a unique identification number that defines an item for ordering or inventory purposes.

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Next thing that we will talk about today is the product items, product lines and product mixes. Most organizations they offer a range of products and services to the consumers.

A product item is a specific product that has a unique brand, size, or price. For example, Surf Excel detergent for clothes comes in several different sizes. Each size is a separate stock keeping unit that is called as SKU which is a unique identification number that defines an item for ordering or inventory purposes.

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PRODUCT ITEMS, PRODUCT LINES, AND PRODUCT MIXES

- A **product line** is a group of product or service items that are closely related because they satisfy a class of needs, are used together, are sold to the same customer group, are distributed through the same outlets, or fall within a given price range.
- Nike's product lines include shoes and clothing, whereas the Mayo Clinic's service lines consist of inpatient hospital care and outpatient physician services.
- Each product line has its own marketing strategy.

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A product line is a group of products or services item that are closely related because they satisfy a class of needs, are used together, are sold to the same customer groups, are distributed through the same outlet or fall within a given price range.

Nike's product lines include shoes and clothing, whereas the Mayo Clinic's service lines consist of inpatient hospital care and outpatient physician services. Each product line has its own marketing strategy.

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PRODUCT ITEMS, PRODUCT LINES, AND PRODUCT MIXES

- **Product Mix** is the set of all products and items a particular seller offers for sale.
- A product mix consists of various product lines. Many firms offer a product mix, which consists of all of the product lines offered by an organization.
- For example, Procter & Gamble, has a large product mix that includes product lines such as beauty and grooming (Oral B toothpaste and Gillette razors) and household care (Tide detergent and Pampers diapers).

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 21

The product mix is a set of all products and items a particular seller offers for sale. A product mix consists of various product lines. Many firms offer a product mix, which consists of all the product lines offered by an organization.

For example, Procter and Gamble has a large product mix that includes product lines such as beauty and grooming for example, Oral B toothpaste and Gillette razors and household care for example, Tide detergent and Pampers diapers.

A company's product mix has a certain width, length, depth and consistency. The width of a product mix refers to how many different product lines the company carries.

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PRODUCT ITEMS, PRODUCT LINES, AND PRODUCT MIXES

- A company's product mix has a certain width, length, depth, and consistency.
- The *width* of a product mix refers to how many different product lines the company carries. Table 20.1 shows a product mix width of eight lines.
- The *length* of a product mix refers to total number of items in the mix. In Table 20.1, it is 24. We can also talk about the average length of a line. We obtain this by dividing the total length (here 24) by the number of lines (here 8), for an average product line length of 3.

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So, this table 20.1 shows a product mix width of eight lines. The length of a product mix refers to the total number of items in the mix and in this table 20.1 it is 24. We can also talk about the average length of a line; we obtained this by dividing the total length here 24 by the number of lines here 8, for an average product line length of 3.

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PRODUCT ITEMS, PRODUCT LINES, AND PRODUCT MIXES

- The *depth* of a product mix refers to how many variants are offered of each product in the line.
- If Wheel came in two scents (Lemon & Jasmine), two formulations (bar and powder), and two additives (with or without bleach), it would have a depth of eight because there are eight distinct variants.
- We can calculate the average depth of HUL's product mix by averaging the number of variants within the brand groups.

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The depth of a product mix refers to how many variants are offered of each product in the line. If Wheel comes in two scents lemon and jasmine, two formulations bar and powder and two additives with or without bleach, it would have a depth of eight because

there are eight distinct variants. We can calculate the average depth of HUL's product mix by averaging the number of variants within the brand groups.

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PRODUCT ITEMS, PRODUCT LINES, AND PRODUCT MIXES

- The *consistency* of the product mix describes how closely related the various product lines are in end use, production requirements, distribution channels, or some other way.
- HUL's product lines are consistent in that they are consumer goods that go through the same distribution channels.
- The lines are less consistent in the functions they perform for buyers. For example detergent and tea are completely different product lines.

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The consistency of a product mix describes how closely related the various product lines are in the end use, production requirements, distribution channels, or in some other way. HUL's product lines are consistent in that they are consumer goods that go through the same distribution channels. The lines are less consistent in the functions they perform for buyers. For example, detergents and tea are completely different product lines.

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PRODUCT ITEMS, PRODUCT LINES, AND PRODUCT MIXES

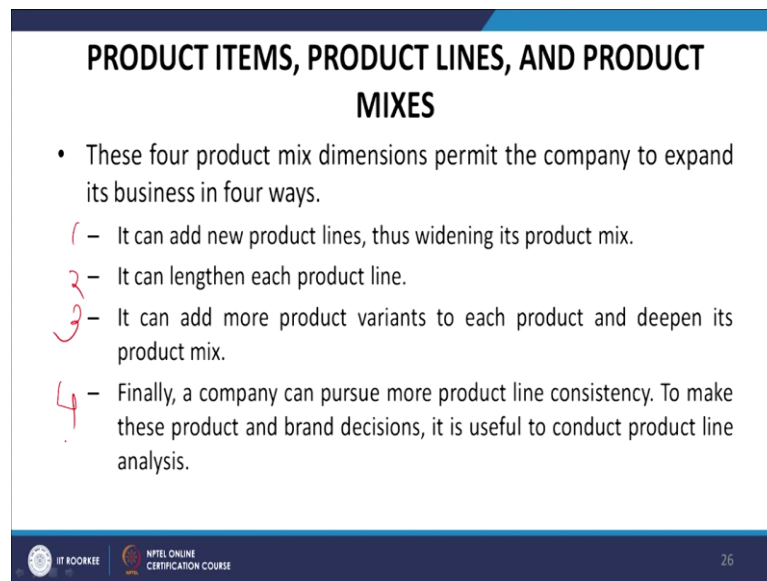
		Product Mix Width							
		Detergents	Toothpaste	Bar-Soap	Hair Care	Deodorant	Skin Care	Tea	Coffee
Product Line Length		Surf Excel	Pepsodent	Lux	Clinic Plus	Axe	Ponds	Brookebond	Bru
		Wheel	Close-Up	Lifebuoy	Dove	Rexona	Fair and Lovely	Lipton	
		Rin		Liril	Sunsilk		Vaseline		
				Hamam					
				Dove					
				Pears					
				Rexona					
				Breeze					

Table 20.1: Product Mix Width and Product Line Length for Hindustan Unilever Limited (HUL)

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Now, this is this table 20.1. So, here it is the product line length and here it is the product mix width and then we have these detergents and toothpaste and bar soaps, hair care, deodorant, skincare, tea and coffee and this is for Hindustan Unilever Limited. Now, you see that they have only two types of deodorant while they have about eight types of bar soaps. So, this is how this product mix, width and the product line length is worked out.

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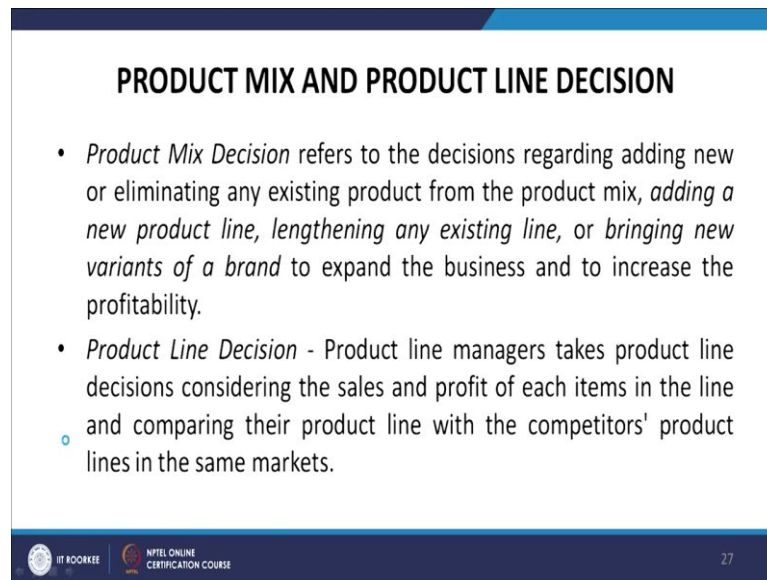
PRODUCT ITEMS, PRODUCT LINES, AND PRODUCT MIXES

- These four product mix dimensions permit the company to expand its business in four ways.
 - 1 – It can add new product lines, thus widening its product mix.
 - 2 – It can lengthen each product line.
 - 3 – It can add more product variants to each product and deepen its product mix.
 - 4 – Finally, a company can pursue more product line consistency. To make these product and brand decisions, it is useful to conduct product line analysis.

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These four product mix dimensions permit the company to expand its businesses in four ways. One is it can add new product lines, thus widening its product mix. Second is it can lengthen each product line. The third is it can add more product variants to each product and deepen its product mix. And finally, a company can pursue more product line consistency. To make these products and brand decisions, it is useful to conduct product line analysis.

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PRODUCT MIX AND PRODUCT LINE DECISION

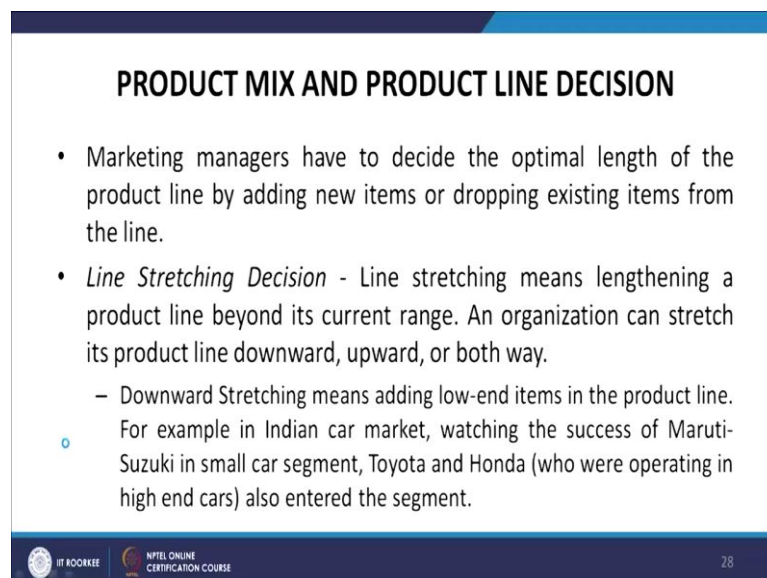
- *Product Mix Decision* refers to the decisions regarding adding new or eliminating any existing product from the product mix, *adding a new product line, lengthening any existing line, or bringing new variants of a brand* to expand the business and to increase the profitability.
- *Product Line Decision* - Product line managers takes product line decisions considering the sales and profit of each items in the line and comparing their product line with the competitors' product lines in the same markets.

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Now, let us look at this product mix and product line decisions. So, product mix decision refers to the decision regarding adding new or eliminating an existing product from the product mix, adding a new product line, lengthening any existing line or bringing new variants of a brand to expand the business and to increase the profitability.

Product line decisions. So, product line managers take product line decision considering a sales and profit of each item in the line and comparing their product line with the competitor's product lines in the same markets.

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PRODUCT MIX AND PRODUCT LINE DECISION

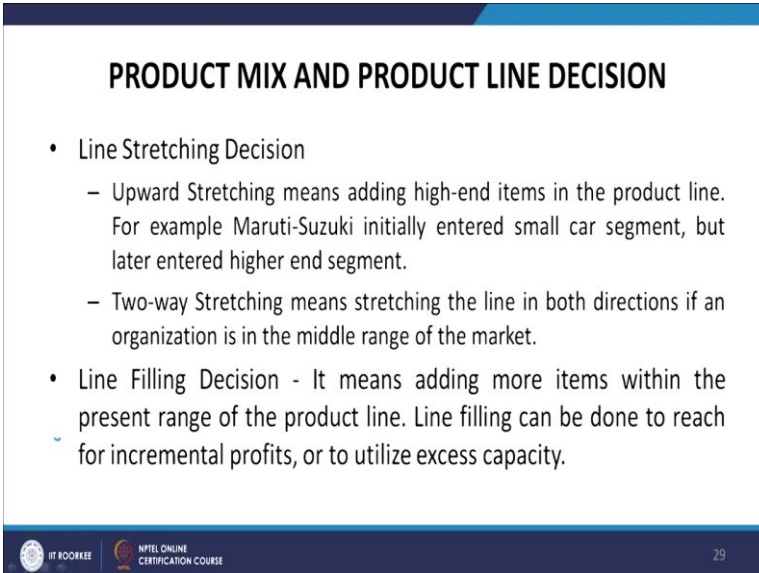
- Marketing managers have to decide the optimal length of the product line by adding new items or dropping existing items from the line.
- *Line Stretching Decision* - Line stretching means lengthening a product line beyond its current range. An organization can stretch its product line downward, upward, or both way.
 - Downward Stretching means adding low-end items in the product line. For example in Indian car market, watching the success of Maruti-Suzuki in small car segment, Toyota and Honda (who were operating in high end cars) also entered the segment.

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Marketing managers have to decide the optimal length of the product line by adding new items or dropping existing items from the line. So, now, that includes line stretching decisions. Line stretching means lengthening a product line beyond its current range and organization can stretch its product lines downward, upward or both ways.

Now let us look at each one of them. What is downward stretching. It means adding low end items in the product line for example, in Indian car market, watching the success of Maruti Suzuki in small car segments, Toyota and Honda who were operating in high end cars also entered this segment. So, this is what is called as downward stretching.

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PRODUCT MIX AND PRODUCT LINE DECISION

- Line Stretching Decision
 - Upward Stretching means adding high-end items in the product line. For example Maruti-Suzuki initially entered small car segment, but later entered higher end segment.
 - Two-way Stretching means stretching the line in both directions if an organization is in the middle range of the market.
- Line Filling Decision - It means adding more items within the present range of the product line. Line filling can be done to reach for incremental profits, or to utilize excess capacity.

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Now, another type of line stretching decision is upward stretching. It means adding high end items in the product lines. For example, Maruti Suzuki initially entered small call segment, but later entered higher end segment. Two-way stretching means stretching the line in both directions if an organization is in the middle range of the market.

Then there are some line filling decisions. It means adding more items within the present range of the product lines. Line filling can be done to reach for incremental profits or to utilize excess capacity.

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NEW PRODUCTS AND WHY THEY SUCCEED OR FAIL:
WHAT IS A NEW PRODUCT?

- New products are the lifeblood of a company and keep it growing, but the financial risks can be large. We will begin our discussion by looking at what a new product is?
- The term 'new' is difficult to define. However, we will try to understand it from three perspectives:
 - 1 – Newness compared with Existing Products
 - 2 – Newness from the Consumer's Perspective
 - 3 – Newness from the Organization's Perspective

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Now, new products and why they succeed or fail. But then before we talk about the success or failure of new product we have to first understand what is a new product. A new product are the lifeblood of a company and keep it growing, but the financial risk can be large. We will begin our discussion by looking at what a new product is?

The term 'new' is difficult to define; however, we will try to understand it from three perspectives. The first perspective is newness compared to existing products, the second is newness from the consumer's perspective and the third is newness from the organization's perspective.

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NEW PRODUCTS:
NEWNESS COMPARED WITH EXISTING PRODUCTS

- Product is new if it is functionally different from existing products.
- Revolutionary newness can create new industries (example: smartphones).
- Sometimes more features are added to an existing product to try to appeal to more customers.
- However, this proliferation of extra features—sometimes called “feature bloat”—overwhelms many consumers.
- Feature fatigue is a tendency for consumers to shy away from products that appear to be feature-rich.

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So, let us look at newness compared with existing products. Product is new if it is functionally different from existing product. Revolutionary newness can create new industries for example, smartphones. Sometimes more features are added to an existing product to try to appeal to more customers. However, this proliferation of extra features - sometimes called “feature bloat” - overwhelms many customers. Feature fatigue is a tendency for consumers to shy away from products that appear to be feature- rich.

Now let us look at the newness from the consumer’s perspective.

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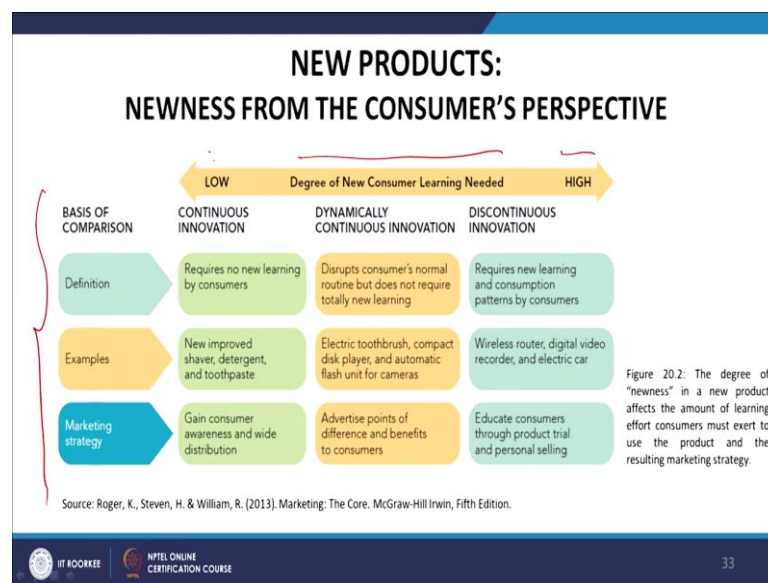
NEW PRODUCTS:
NEWNESS FROM THE CONSUMER'S PERSPECTIVE

- A second way to define new products is in terms of their effects on consumption.
- This approach classifies new products according to the degree of learning required by the consumer, which is seen in Figure 20.2.
- Newness from this perspective is divided into three categories depending on low or high consumer learning needed:
 - 1 – Continuous Innovation
 - 2 – Dynamically Continuous Innovation
 - 3 – Discontinuous Innovation

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So, a second way to define new products is in terms of their effects on consumption. This approach classifies new products according to the degree of learning required by the consumers and we will see that in figure 20.2. Newness from this perspective is divided into three categories depending on low or high consumer learning needs. So, one of them is the continuous innovation, second is dynamically continuous innovation and the third is discontinuous innovation.

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So, now, let us look at that these are the basis of comparison. So, we have this definition, examples and marketing strategy and then on this axis we have degree of new consumer learning needed.

So, sometimes it moves from high to low. So, you see that in this continuous innovation the degree of new consumer learning is low as compared to in discontinuous innovation where it is high.

So, now, let us look at definition as a basis of comparison and continuous innovation. Now, it says in this case it requires no new learning by consumers. In dynamically continuous innovation, it disrupts consumer's normal routine, but does not require totally new learning, while in discontinuous innovation it requires new learning and consumption patterns by consumers.


Example of continuous innovation is new improved shaver, detergent and toothpaste. In case of dynamically continuous innovation it is electric toothbrush, compact disk player and automatic flash unit for cameras, while in discontinuous innovation it is wireless routers, digital video recorders and electric cars.

The marketing strategy in case of continuous innovation is to gain consumer awareness and wide distribution, in case of dynamically continuous innovation the marketing strategy is to advertise points of differences and benefits to the consumers and in discontinuous innovation there is a need to educate consumers through product trial and personal selling.

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**NEW PRODUCTS:
NEWNESS FROM THE ORGANIZATION'S PERSPECTIVE**

- Successful organizations view newness and innovation in their products at three levels.
- The lowest level, which usually involves the least risk, is a *product line extension*.
 - This is an incremental improvement of an existing product line the company already sells.
 - For example, L'Oréal Paris added its "new" line of *Extraordinary Clay Shampoo* to its existing line of more than 10 varieties of its L'Oréal Paris Shampoo range.



The slide features a blue header with the title 'NEW PRODUCTS: NEWNESS FROM THE ORGANIZATION'S PERSPECTIVE'. Below the title is a bulleted list. The second bullet point is indented and includes a sub-list. To the right of the text is a vertical image of a teal and white shampoo bottle. The bottom of the slide has a dark blue footer with logos for IIT Roorkee and NPTEL Online Certification Course, and the number 34.

Now, let us look at the newness from the organizational perspective. Successful organizations view newness and innovation in their products at three levels.

The lowest level, which usually involves the least risk, is a product line extension. So, this is an incremental improvement in an existing product line the company already sells. For example, L'Oreal Paris added its new line of extraordinary Clay Shampoo to its existing line of more than 10 varieties of its L'Oreal Paris Shampoo range.

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NEW PRODUCTS:
NEWNESS FROM THE ORGANIZATION'S PERSPECTIVE

- *Product line^o extension* has the potential benefit of adding new customers but is also marked with the twin dangers of increasing expenses and cannibalizing its existing line.
- At the next level is:
 - a significant *jump in innovation* or technology, or
 - a *brand extension* involving putting an established brand name on a new product in an unfamiliar market.
- In the first case, the significant *jump in technology* might be when a cellphone manufacturer offers new smartphones or a film camera producer offers digital cameras.

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Now, product line extension has the potential benefit of adding new customers, but it is also marked with a twin danger of increasing expenses and cannibalizing its existing lines. At the next level is, a significant jump in innovation or technology or a brand extension involving putting an established brand name on a new product in an unfamiliar market. In the first case, the significant jump in technology might be when a cell phone manufacturer offers new smartphones or a film camera producer offers a digital camera.

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NEW PRODUCTS:
NEWNESS FROM THE ORGANIZATION'S PERSPECTIVE

- The second *case - using an existing brand name* to introduce a new product into an unfamiliar market—looks deceptively easy for companies with a powerful, national brand name. Several brands have introduced new product with existing brand names.
- GCMMF(Amul) has launched several new products such as fruit juices and butter cookies with the existing brand name “AMUL”.
- However, this might also lead to major product failures in some instances, if there is low congruency between the brand image and the new product category.

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The second case - using an existing brand name to introduce a new product into an unfamiliar market - it looks deceptively easy for companies with a powerful, national brand name. Several brands have introduced new products with existing brand names.

For example, GCMMF that is Amul has launched several new products such as fruit juices and butter cookies with the existing brand name AMUL. However, this might also lead to major product failure in some instances, if there is low congruency between the brand image and the new product category.

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NEW PRODUCTS:
NEWNESS FROM THE ORGANIZATION'S PERSPECTIVE

- Colgate launched a line of frozen dinners called  Colgate's Kitchen Entrees.
- The product line died quickly. A marketing expert calls this "one of the most bizarre brand extensions ever," observing that the Colgate brand name, which is strongly linked to toothpaste in people's minds, does not exactly get their "taste buds tingling." 
- Similarly, snacks brand "Cheetos" extended to the product category of lip balm and failed. 

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So, Colgate launched a line of frozen dinners called as Colgate's Kitchen Entrees. The product line died quickly. A marketing expert calls this one of the most bizarre brand extension ever, observing that the Colgate brand name, which is strongly linked to toothpaste in people's mind, does not exactly get their taste buds tingling. Similarly snack brand Cheetos extend to the product category of lip balm and failed. The third and the highest level of innovation involves a radical invention, a truly revolutionary new products.

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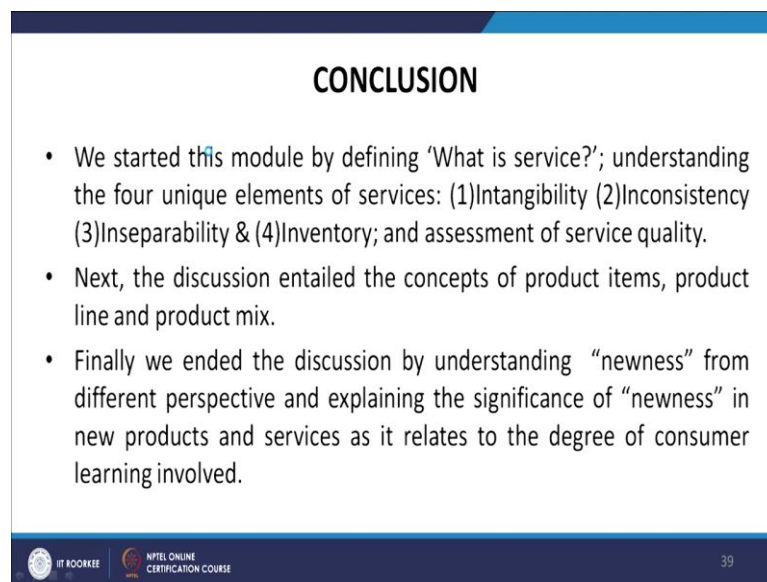
NEW PRODUCTS:
NEWNESS FROM THE ORGANIZATION'S PERSPECTIVE

- The third and highest level of innovation involves a radical invention, a truly revolutionary new product. Apple's Apple II, the first "personal computer," and its iPad are examples of radical inventions.
- Effective new-product development in large firms exists at all three levels.

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Apple's Apple II, the first personal computer and its iPad are the examples of radical inventions. Effective new-product development in large firm exist at all these three levels.

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CONCLUSION

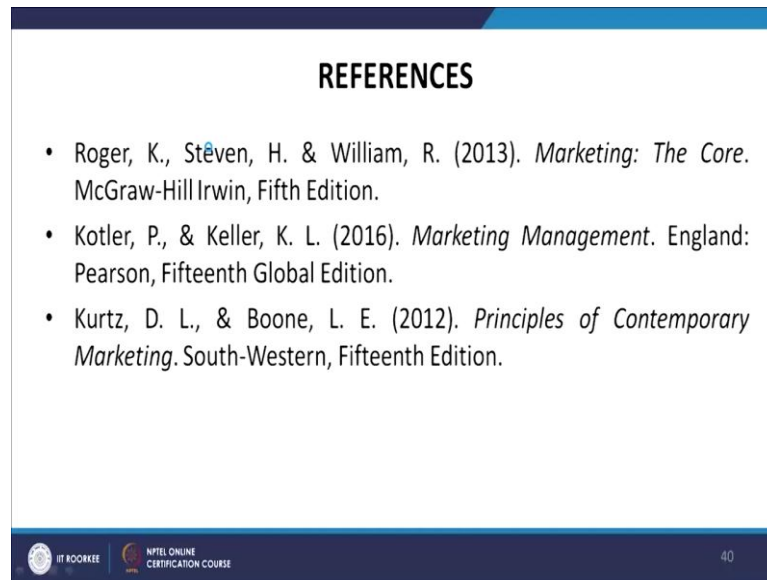
- We started this module by defining 'What is service?'; understanding the four unique elements of services: (1)Intangibility (2)Inconsistency (3)Inseparability & (4)Inventory; and assessment of service quality.
- Next, the discussion entailed the concepts of product items, product line and product mix.
- Finally we ended the discussion by understanding "newness" from different perspective and explaining the significance of "newness" in new products and services as it relates to the degree of consumer learning involved.

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Now, in order to conclude we started this module by defining what are services? Understanding the four unique elements of services, that is intangibility, inconsistency, inseparability and inventory and then we have talked about assessment of service quality.

Next the discussion entailed the concept of product items, the product line and the product mix. Finally, we ended the discussion by understanding newness from different perspective and explaining the significance of newness in new products and services as it relates to the degree of consumer learning involved.

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And these other 3 books from which the material for this module was taken.

Thank you.