

## SECTION – 4

### QUESTION-2.

#### ANSWER:-

#### What is a Product?

For Kotler, the definition of a product goes way beyond being a physical object or a service. He defines a product as anything that can meet a need or a want. This means that even a retail store or a customer service representative is considered a product.

The model considers that products are a means to an end to meet the various needs of customers. The model is based on there being three ways in which customers attach value to a product:

**Customer Need:** the lack of a basic requirement.

**Customer Want:** a specific requirement for a product or service to meet a need.

**Customer Demand:** a set of wants plus the desire and ability to pay to have them satisfied.

Customers will choose a product based on their perceived value of it. The customer is satisfied if the product's actual value meets or exceeds their expectations. If the product's actual value falls below their expectations they will be dissatisfied.

#### What are the Five Product Levels?

The Five Product Levels are given in the diagram below:

##### Five Product Levels

Let's consider each of the levels in turn.

#### 1. Core Benefit

The core benefit is the fundamental need or wants that the customer satisfies when they buy the product.

For example, the core benefit of a hotel is to provide somewhere to rest or sleep when away from home.

#### 2. Generic Product

The generic product is a basic version of the product made up of only those features necessary for it to function.

In our hotel example, this could mean a bed, towels, a bathroom, a mirror, and a wardrobe.

### **3. Expected Product**

The expected product is the set of features that the customers expect when they buy the product.

In our hotel example, this would include clean sheets, some clean towels, Wi-fi, and a clean bathroom.

### **4. Augmented Product**

The augmented product refers to any product variations, extra features, or services that help differentiate the product from its competitors.

In our hotel example, this could be the inclusion of a concierge service or a free map of the town in every room.

### **5. Potential Product**

The potential product includes all augmentations and transformations the product might undergo in the future. In simple language, this means that to continue to surprise and delight customers the product must be augmented.

In our hotel, this could mean a different gift placed in the room each time a customer stays. For example, it could be some chocolates on one occasion, and some luxury water on another. By continuing to augment its product in this way the hotel will continue to delight and surprise the customer.

### **Five Product Levels Example: Coca-Cola**

It can be easy to see how the Five Product Levels apply to the hotel industry, but what about a company like Coca-Cola?

Let's examine what each level might be for this company:

#### **1. Core Benefit**

The core benefit of Coca-Cola is to quench a thirst.

#### **2. Generic Product**

The generic product is a burnt vanilla smelling, black, carbonated, and sweetened fizzy drink.

#### **3. Expected Product**

The expected product is that the customer's Coca-Cola is cold. If this isn't the case then expectations won't be met and the drink will not taste its best in the mind of the customer.

#### **4. Augmented Product**

Coca-Cola's augmented product is that it offers Diet-Coke. How does Coca-Cola exceed customers expectations with this product? By offering all the great taste of Coca-Cola, but with zero calories.

## 5. Potential Product

One way in which Coca-Cola delights customers is by running competitions. The prizes in these competitions are often things that, "money can't buy", such as celebrity experiences. To continue to delight customers over time the competition prizes change frequently.

### **Five Product Levels Advantages**

The real advantage of the model is that it enables an organization to identify the needs and wants of customers. The organization can then:

match the features they create to what the customer wants.

match operational processes to what customers want. In our hotel example, this would mean strict processes around cleaning each room.

match marketing efforts to appeal to customers wants.

The model ultimately helps organizations differentiate themselves from their competitors in a way that aligns with the wants and needs of their customers.

### **Supply Chain Management:-**

Supply chain management (SCM) is the active management of supply chain activities to maximize customer value and achieve a sustainable competitive advantage. It represents a conscious effort by the supply chain firms to develop and run supply chains in the most effective & efficient ways possible. Supply chain activities cover everything from product development, sourcing, production, and logistics, as well as the information systems needed to coordinate these activities.

### **The concept of Supply Chain Management (SCM) is based on two core ideas:**

The first is that practically every product that reaches an end user represents the cumulative effort of multiple organizations. These organizations are referred to collectively as the supply chain.

The second idea is that while supply chains have existed for a long time, most organizations have only paid attention to what was happening within their "four walls." Few businesses understood, much less managed, the entire chain of activities that ultimately delivered products to the final customer. The result was disjointed and often ineffective supply chains.

The organizations that make up the supply chain are "linked" together through physical flows and information flows.

## **Physical Flows**

Physical flows involve the transformation, movement, and storage of goods and materials. They are the most visible piece of the supply chain. But just as important are information flows.

## **Information Flows**

Information flows allow the various supply chain partners to coordinate their long-term plans, and to control the day-to-day flow of goods and materials up and down the supply chain.