Product analysis and Positionning
CHAPTER - 4

PRODUCT ANALYSIS AND POSITIONING

INTRODUCTION:

In the preceding chapter we have examined the market analysis and target market development. In this chapter, we propose to discuss on product analysis and its positioning. Product is an important component of marketing mix and vital part of marketing strategy. That is why, the marketing mix determines the important of a product in the market with a view to provide greater consumer satisfactory to a larger extent. Product decision encompass decision regarding quality, feature, product types, design, grading packaging, labeling, branding, new product development etc. All the decisions are affected by Govt. rules, trade behavior, nature and size of market preferences, last and buying behavior of ultimate customers.

4.1 CONCEPT OF PRODUCT:

A product is any thing that is potentially valued by a target market for the benefit or satisfaction product is a bundle of physical services.

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1. A product is bundle of utilities of various product features and accompanying services.
   (M. T. Alderson - Marketing behavior & Executive action Homewood H. Irwin 1957 p. 274)
2. "A product is a bundle of physical and symbolic particular expected to yield satisfaction or benefits to the buyer.
   " (Philip Kotler - Marketing management p. 284)
services and symbolic characteristics designed to produce consumer want satisfaction. So product could defined that any utility that in capable of satisfying human needs and wants.

The product planner needs to think about the product on three level:- Core product, Tangible product and Augmented product.

Core product is the bundle of tangible and intangibles features offered in the market places. Tangible product may have as many as fine characteristics a quality, features, styling, brand name and packaging. Augmented product means the way a purchase of a product perform the total task of what ever it is that he or she is trying to accomplish when using the product or other benefit offered the consumer by the seller.

As for as watches are concerned, it include all the three aspect of products that is core, Tangible, and Augmented. As a core product, its contains problem solving elements and answer the question, what is the buyer really buying? When he/she is buying watches. As a matter of fact watches have a lot of qualities. Some respondent have assumed that watches is a item of sociability and some consider that watches is items of daily life. At a tangible product, it contains five characteristics which watches possesses. In this connection H.M.T. watches maintain the quality, feature and makes the watches in different style and in different brands where as the Augmented product is concern value is added to watches by suitable, packaging, advertising, delivery by franchise, showrooms or by

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2 David J Rachman and Elaine Pomona op cit p. 247.
seller. Thus it is evident that watches marketers should know the intrinsic aspects of his product before reaching target market.

4.2 CLASSIFICATION OF PRODUCT:

Product classification scheme based on product characteristics. Product can be classified into three groups according to their durability or tangibility. They are divided into three parts: Durable goods, nondurable goods, and services. They are divided into five:

1. Consumer goods
2. Industrial goods
3. Durable goods
4. Non-Durable goods
5. Services

According to the Table 4.2, specifies classes have describe such as:

1. **Consumer Goods**:

Consumer goods are required by consumer for their individual or household consumption. They are defined for use by the ultimate consumer and not intended for resale or further use in producing other goods. There are four types of consumer goods:

   i) **Convenience Goods**:

   Goods that the customer usually purchase frequently immediately and with the minimum of efforts in comparison and buying. There are three type of convenience goods:

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a. Stable Goods: -

Staple goods means those products which are regularly purchased by consumers.

b. Impulse Goods: -

Are those which are purchased on receiving visual cues and without any planning.

c. Emergency Goods: -

Are those which are purchased when the situation demands. Such goods are purchased on an urgency basis.

ii). Shopping Goods: -

Shopping goods are those which are purchased only after the consumer has made a comparison of competing goods on such bases as price, quality, style, and color in competing brands. Shopping goods can be divided into two—first Homogeneous second Heterogeneous.

I). Homogeneous Goods: -

Homogeneous goods as being similar in quality but different enough in price to justify shopping comparisons.

II). Heterogeneous Goods: -

In this shopping goods, product features are often more important to the consumer than the price. In it, fit and look are likely to be more important than small price differences.

III). Speciality Goods: -

Those goods, which have unique characteristics. Because of those a significant set of buyers will be attracted to make a purchase.

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*Ibid p - 298*
special buying efforts consumer goods classification have been done by M.T. Copeland on the basis of consumer buying attitude and behavior.

IV). **Unsought Goods:**

Unsought goods are products that consumers do not yet know they can buy or products that they usually do not want to buy. Usually unsought goods are products that are often not aggressively sought.

2. **Industrial Goods:**

Industrial goods are those goods brought by an organization in order to make other goods, resell them or carry on some other exchange related activity. There are five types of Industrial goods: Installation, Accessory Equipment, Fabricating Parts and Material, Raw Materials, Supplies.

Regarding watches, it comes under the category of durable goods on the basis of durability. Further they are classified as consumer goods on the basis of use. Under consumer goods they are specialty of shopping goods, and under shopping goods, they are Heterogeneous goods. Because customer gives the preference fill and looks than price and heterogeneous shopping goods carry a wide assortment to satisfy individual.

3. **Non Durable Goods:**

Non durable goods are tangible goods that normally are consumed in one or a two uses. These goods are consumed fast and purchased frequently.

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7 David J. Rackman and Elaine Romano, op. cit p. 248
4. **Durable Goods:**

Durable goods are tangible goods that normally survive many uses. Durable goods normally require more personal selling and service, command a higher manager and require more seller guarantees.

5. **Services:**

Services are activities, benefits or satisfaction that are offered for sale. Services are intangible, insuperable, variable and perishable.

4.3(a) (1) **Product Line:**

Product line is a group of products that are in some way related by being alternatives to fulfilling the same customers need by being marketed to the same target markets or through the same distribution networks or by being in a common price category. So product line is a part of product mix which a company offer to customers exhibiting the length and width of range of products. The Analysis of product line depend on two important points – They are (I) Volume of sales and profit on each items and (II) Competitor’s product line in the same market or segment. The product line will be short or long depending upon the number of items thus product line manager need to constantly monitor all the items of the product line and accordingly take decisions of adding or deleting dropping the products. The product line decisions influences various other factors viz – sales, profit, competitions, positioning etc. So each company tries to capture the maximum market share by Carry longer lines.

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(CLASSIFICATION OF PRODUCT)

PRODUCT

CONSUMER PRODUCT

CONVENIENCE GOODS

STAPLES GOODS
IMPULSE GOODS
EMERGENCY GOODS

SHOPPING GOODS

HOMOGENEOUS
HETEROGENEOUS

SPECIALITY GOODS

UNSOOQHT
GOODS

INDUSTRIAL PRODUCT

INSTALLATION

ACCESSORY ESCIMENT

FABRICATED PARTS & MATERIAL

ROW MATERIAL

SUPPLIES

Table 4.2
SOURCE: - Marketing Menagements - Paramahansa Foundation - P- 107
Is for as the H.M.T. product line is concern, it has made the product line on the basis of product line stretching. It means H.M.T. has stretched its line down market, up market and both market. Accordingly product line can be divided as low middle price product, high price product and both high & low price product line length. This is exhibited in the table 4.4 (A). The table shows that H.M.T. has launched for upper, middle and lower status of society. As per the table, down market watches are - Zap, Astra, Sowmya, Pace, u.p. market watches are - Utsav, Roman, Elegance, Gem series and for the both ways watches and H.M.T. Tennemax, Lalit, Shakti, Shreyas. Brail watch for blind customer. A new watch have launched by H.M.T. is “CHANDAN” (a fragment watch).

4.3 (b)(1) Product Mix:

Product mix is the entire collection of the items offered by a company. Decision regarding product mix are usually the most important and fundamental decisions for the firm. The product mix of the firm great goes a long way determining a success or failure of the firm in the market. A company’s product mix has a certain width, length and consistency. concept Table 4.3(b) in this Table

1. "A Product mix is the set of all product lines and items that a particular seller offers for sale to buyer’s”
   (Principle of Marketing - Philip Kotler 3rd ed. 1987 P - 327)
2. "The Product mix is the complete range of product that a company markets. A product mix, in term, may consist of one or more product lines”.
   (Marketing and Product development Dale Ferris Herbraps publisher 1985 P - 131)
PRODUCT LINE OF H.M.T. WATCHES

<table>
<thead>
<tr>
<th>Product line of wrist watches (Model Name)</th>
<th>Watches classification by Gender</th>
<th>Price ranges (in Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zap</td>
<td>Children</td>
<td>134 - 150</td>
</tr>
<tr>
<td>Astra</td>
<td>Ladies &amp; gents</td>
<td>231 - 634</td>
</tr>
<tr>
<td>H.M.T. Tennemas</td>
<td>Ladies &amp; gents</td>
<td>350 - 1145</td>
</tr>
<tr>
<td>Sowmya</td>
<td>Ladies &amp; gents</td>
<td>345 - 395</td>
</tr>
<tr>
<td>Lalit</td>
<td>Ladies &amp; gents</td>
<td>495 - 2000</td>
</tr>
<tr>
<td>Pace</td>
<td>Ladies &amp; gents</td>
<td>403 - 538</td>
</tr>
<tr>
<td>Shakti</td>
<td>Ladies &amp; gents</td>
<td>350 - 1950</td>
</tr>
<tr>
<td>Chandan</td>
<td>Ladies &amp; gents</td>
<td>2000 - 4000</td>
</tr>
<tr>
<td>Roman</td>
<td>Gents</td>
<td>1200</td>
</tr>
<tr>
<td>Utsav</td>
<td>Ladies</td>
<td>1335 - 2362</td>
</tr>
<tr>
<td>Shreyas</td>
<td>Gents &amp; Ladies</td>
<td>495</td>
</tr>
<tr>
<td>Elegance</td>
<td>Gents &amp; Ladies</td>
<td>1490 - 7500</td>
</tr>
<tr>
<td>Gem series</td>
<td>Ladies</td>
<td>13500 - 1900</td>
</tr>
</tbody>
</table>

(TABLE - 4.2 (a))

(SOURCES - H.M.T. Price catalogue)
H.M.T. product mix has been exhibited. As per the Table, H.M.T. product mix means all the product lines of the different product items i.e. watches, Tractor and Machine Tools, and every item has different product lines like watches have Shakti, Janta, Kohinoor, Aditi, Astra, Sonya lines and Tractor have different lines like H.M.T. 3522, H.M.T. 3511, H.M.T. 3533 etc and Machine tools have different lines like: Attachment, Boring, Gearcutting etc. The Consistency of the H.M.T. product mix is less consistent in so far as they perform different functions to the buyers.

4.4 Quality And Feature:

New strategy have became popular, bringing with them a search of interest in the competition implication of product quality. Quality is one of those slipping concept easy to visualize and exasperatingly different it defines.

The new definition of quality has became conformance with the voice of customer. The companying list of eight dimension of product quality provide such a frame work. Each dimension is self contained and distinct for a product can be ranked high on one dimension while being low on another. So quality is not a single recognizable characteristics rather it is multi feded and appear in difficult form. So following dimension of product quality – Performance, features, reliability conformance, durability, serviceability, aesthetics, perceived quality etc.

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1 Business of marketing  Product quality. An important strategy weapon. David & Garrin Published by Rajan Vardharajan P. 33
2 Indian management (Journal) – Vol 3P Jan-Feb. 1999 (Business India Group Publication P-33
3 Business Marketing David Garrin a product quality. An Important strategic weapon compiled by Rajan Vardharajan Opp 224
AS for as H.M.T. watches quality & feature is concern, it have a high quality image. H.M.T. brand is known for it sturdy, solid and good quality watches, though it remained a second in term of overall market share it produced high quality watches both in mechanical, Quartz and Digital segment, Due to high quality and durability, H.M.T. watches was typically called as Janta watches. AS for as the product feature of H.M.T. is concern, since 1980 H.M.T. had launched 200 design/ feature of watches. Recently H.M.T. have 850 feature of watches with good quality. H.M.T. has up with citizen for design and dial it came out with a Braille watch and G-10 watches (gold biscuit on the dial) and is planning to launch sandal wood watch “Chandan” with new style and attractive features. In the rural area H.M.T. watches are fondly known as “Chimti” for its high quality.

4.5 Standardization Of H.M.T. Watches:-

Standardization is regarded as a “facilitating” function as it frequently simplify trade. Standardization is beneficial to the consumer because a consumer can easily rely on the quality of standardized product. Thus standardization consist of a list of specification of qualities or characteristics and is a measure of physical characteristics of a product.

Standardization is important for watches also. In the standardization of the watches, H.M.T. have got ISO 9002 standardization certificate. That is why H.M.T. watches conform to absolutely rigid quality standards and are well accepted in the national & International market. H.M.T. has bagged the “Excellence in standardization 1996” award. The award was given by the Institute of standards Engineers a professional
body of standard Engineers in the recognition of H.M.T. Outstanding work in standardization during 1994-95 in the category of mechanical and Quartz segments. So thus, if H.M.T. maintains the standard of watches, then it will as a long way in maintaining its marketing share.

4.6 Product Life Cycle:

The product life cycle derives from the fact that a product sales follow a special pattern of four phase cycle. The life cycle concept represents recognition of the fact that most products will have a finite market life, be it effort/ short or long. Product life cycle is an important tool for analysis and planning of marketing activities. It shows the trend in sales and time of a particular product over its life cycle.

The duration of the stages may be difference for at for difficult for products or Brand. It will depend on the interaction of many variables including.

(i) The emergence, growth or disappearance of the market and segments.

(ii) Trend in available buyer spending capacity real disposal Income

(iii) Technological developments, which may leathen or shorten the life cycle stages for instances by permitting the rejuvenation of products or rendering them obsolete.

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14 F.E. 8-11-97 (CMIE Pvt. Ltd Mumbai)
15 Ibsam of Marketing – A.R. Morden P. 237
16 Ibid – P. 238
The effect of manufacturing or distribution cost changes on the price to the customer and relative movements in the price of competing or substitute products.

(1) **Introduction Stage:**

The introduction stage starts when the new product is first distributed and made available for purchase. It takes time to fill dealer pipelines and roll out the product in several markets, so sales growth is apt to be slow.

Product life cycle characteristics and response has exhibited in the Table – 4.6. As per the table in the introduction stage sales is low. Profit gets negligible.

(2) **Growth Stage:**

Introduction stage is followed by the Growth stage, which is characterized by increasing sales, increasing profit, increasing competition. This is because of the fact in this stage, how the early adopters additional consumers start buying the products. In this stage, some new competitors enter the market do get the benefit of new products. In order to maintain its position in the market, a company expands. Its distribution network, production capacity, of new product.

As per the Table 4.6, in the growth stage sales is fast growth, profits in the peak levels, cash flow is moderate competitors are

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17 Marketing management 9th Ed. 1998 Practice Hall of India New Delhi – Philip Kotlar P-350
increases, and what does the company's response in the growth stage, that
is such as - distribution in patchy/ intensive, price is low, products are
improved. Marketing expenditure is decline, strategic focus is market
penetration.

As per as H.M.T. is concern, H.M.T. sales was 98/75 crore Rs.
112.49 crore Rs, 145.02 crore Rs and 201.71 crore Rs. In the year's 1979-
80, 1981-82, 1987-88 and 1989-90 consequently. Which have exhibited in
the grabs. As per the graph figure, it has signify the upward trend of the
sales. During this stage H.M.T. was set up new plants at Srinagar,
Ranibagh in U.P., Tumkur. Srinagar plant was setup for hand wound
watches, Ranibagh and Tumkur were setup for mechanical watches.
Through these new plants H.M.T. had tried to increased its production
capacity. Till 1980's H.M.T. was occupy a better position in the market.
Not with standing some of the brands were in the market, but H.M.T. had
left them behind. After 1980. Allwyn was introduced by Andhra Pradesh
Govt. in the year 1981. It came to market with new feature and watch
segments like Trendy Plastic watches in the Digital segment. It was unique
but H.M.T. continued to load the market.

(3) Maturity Stage:

Maturity stage is characterized by low rate of sales, decline of
profit, intense competition, this is because by this time a large number of
firms enter the market, producing different variables of the same products.
Firm in order to maintain is position in the market adopt different strategies
like - Price, better quality, modification of products etc. These are three
types of maturity stage\textsuperscript{18} – Growth maturity, Stable maturity & Decaying maturity. In the first phase ‘growth maturity’ sales growth stats to decline. Some laggard buyer still enter the market. In the second phase stable maturity sales become level on a per capita basis due to market saturation. Most consumer have tried the product and future sales are governed by population growth and replacement demand. In the Third phase decaying maturity, the absolute level of sales now starts to decline and customers start moving toward other products and substitutes. Above characteristics and responses have exhibited in the Table –4.6.

In 1987 Titan was launched of different models slowly, other competitors Timex and Sakura also came in the market together. They offered a tough competition to H.M.T. They are able to capture a large share of market because of their low pricing and aggressive promotional strategies. During this period Titan had tied up with Timex to marketing of Timex watches. As a result of this, there was potential fall of H.M.T. sales.

(4) Decline Stage:

The last stage of the product life cycle is the decline stage were by sale’s inverses resulting in negligible profit. In this stage, it becomes for the firm to maintain it product in the market because of rising cost and decrease profit. As per the Table 4.3, in the decline stage profit is decline, sales also be decline, price increases, competitions in decline number, marketing expenditure is low, distribution is selective, etc. In this stage a company should take the following steps:

\textsuperscript{18} Marketing management Philip Kotlar 9\textsuperscript{th} Ed. 1990 P 756
## PRODUCT LIFE CYCLE: CHARACTERISTICS & RESPONSES

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Introduction</th>
<th>Growth</th>
<th>Maturity</th>
<th>Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>Low</td>
<td>Fast Growth</td>
<td>Slow Growth</td>
<td>Decline</td>
</tr>
<tr>
<td>Profit</td>
<td>Negligible</td>
<td>Peak level</td>
<td>Declining</td>
<td>Low to Zero</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>Negative</td>
<td>Moderate</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Customers</td>
<td>Innovative</td>
<td>Mass market</td>
<td>Mass Market</td>
<td>Laggards</td>
</tr>
<tr>
<td>Competitors</td>
<td>Few</td>
<td>Growing</td>
<td>Many rival</td>
<td>Declining number</td>
</tr>
</tbody>
</table>

### Responses

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Expand</th>
<th>Market</th>
<th>Depend Share</th>
<th>Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus</td>
<td>Market</td>
<td>Penetration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>High</td>
<td>High Decline</td>
<td>Falling</td>
<td>Low</td>
</tr>
<tr>
<td>Expenditure</td>
<td>%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market</td>
<td>Product</td>
<td>Brand</td>
<td>Brand</td>
<td>Elected</td>
</tr>
<tr>
<td>Emphasis</td>
<td>awareness</td>
<td>Preference</td>
<td>Loyalty</td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td>Patchy</td>
<td>Intensive</td>
<td>Intensive</td>
<td>Selective</td>
</tr>
<tr>
<td>Price</td>
<td>High</td>
<td>Lower</td>
<td>Lowest</td>
<td>Rising</td>
</tr>
<tr>
<td>Product</td>
<td>Basic</td>
<td>Improved</td>
<td>Differentiated</td>
<td>Rationalized</td>
</tr>
</tbody>
</table>

**Table 4.6**

*(Sources - Peter Doyle - "The qualities of product life cycle" Overtiring review of marketing summer 1976 P.5)*
(1) Identification of weak product.

(2) Determine the product decision strategy.

The product review committee examines this information and makes a recommendation for each dubious product: leave it alone, modify its marketing strategy or drop it.\textsuperscript{19}

4.7 Product Related Decisions: -

There are some of the product related decisions viz- Branding, Packaging and labeling. These decisions are taken by every company there it has described about these product related decisions.

1. Branding: -

Branding is only way of differentiating a product from its competitors\textsuperscript{20}. It would be more accurate (to argue that the brand is the actual embodiment of differentiating features) raftered to as the non-price factors. Where as the brand is concern, a brand is a name, term, sign, symbol, design, or some combination of these used to identify the products of one firm and differentiate them from competitive offerings. Marketers says that "Branding is the art and corner store of Marketing\textsuperscript{21}.

The Term Trade mark is distinct with Brand. 'Brand' is a business term and Trademark is its legal counterpart. It can be say in the another way that all the Trademark could be a brand, but all the brand can not be a trademark.

\textsuperscript{19}Philip Kotler - "Phasing out weak product" - Howard business review march - April 1965 P - 107
\textsuperscript{21}Jean - Noel Kopferer (Strategic brand management new approach to create and evaluating brand equity) London Kogon Pape - 1992 P - 38
The brand helps the customer to easily differentiate a product offering made by one company from those of its competitors. The brand assures a uniform quality and identifies the firm producing the product. A brand helps position a company's product offering in terms of price level, quality, service, prestige and other factors that are important to buyers in the firm's target market. Brand identity may itself increase margins and profits by enhancing the perception of quality.

Brands may be classified such as:

(I) FAMILY BRAND

(II) INDIVIDUAL BRAND

(III) MANUFACTURERS BRAND

(IV) PRIVATE BRAND

Family brand is one brand name used for several related products. The advantage is that people known the origin of the product. Under individual brands, an item is known by its own brand name rather than by the name of the company producing it or an umbrella name covering similar items. The advantage is that failure of one product does not tarnish the image of the company. Manufacturer's brand decision is made by the company, which manufactures the product. This type is most common type and private brands are brands created by the middlemen, distributors or even by retailers.

Where as the H.M.T. watches Ps concern, "H.M.T." is a brand name as well as Trade Mark of the company. H.M.T. uses the family brand. H.M.T. gives its brand name to the watches & clock. But it uses the brand

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(BRAND SHARE'S) (% BY VOLUME)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Market size</td>
<td>10.7 (Million Unit)</td>
<td>12.7 (Million Unit)</td>
<td>12.9 (Million Unit)</td>
</tr>
<tr>
<td>I.I.M.T.</td>
<td>51 (-37.25%)</td>
<td>32 (-35.9%)</td>
<td>22.51</td>
</tr>
<tr>
<td>Titan</td>
<td>24 (+54%)</td>
<td>37 (+56.75%)</td>
<td>58</td>
</tr>
<tr>
<td>Timex</td>
<td>4 (425%)</td>
<td>21 (-38%)</td>
<td>12</td>
</tr>
<tr>
<td>Allwyn</td>
<td>6 (50%)</td>
<td>3 (17%)</td>
<td>2.49</td>
</tr>
<tr>
<td>Others</td>
<td>15 (53.33%)</td>
<td>7 (28.57%)</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 4.7
name along with the model name of the watches viz – Lalit, Elagence, Shakti, Paces, etc model name are used with H.M.T. brand logo sign. As per the Table 4.7 brand share have been divided into the some popular watches brand along with H.M.T. watches brand like – Titan, Timex, Allowyn & other brands. H.M.T. brand share in the year 1992 – 93, 1995 – 96 & 2000- 2001 was 51%, 32%, & 22.51% consequently. It means H.M.T. brand share in the year 1992 – 93 has decreased – 37.25% in the year in the year 1995 – 96 ands – 35.9% has decreased in the year 2000 – 2001 against 1995 – 96. Where as Titan brand share is concern, it is increasing 24%, 37%& 58% from the year 1992 – 93, 95 – 96, 1999 - 2000. Titan brand share was increased maximum during 1995 –96 to 2000 – 2001, which is 56.75%. Timex and Allwyn are for from the competition. H.M.T. brand main competitor is Titan brand.

2. Labeling:

The label is an information tag, wrapper or seal attached to a products package. A label may be a part of a package, or it may be a tag attached directly to the products. At the very last, the label identifies the product or brand, such as the name, it might also grade the product – Canned peaches are grade labeled, the label describe several things about the products, though it is a wrapper or list of information about product as well as promotional labels. Some writers distinguish between identification labels, grade label, descriptive labels and promotional labels.

As for as H.M.T. is concern. H.M.T. uses the descriptive label. H.M.T. uses the two types of label first H.M.T. affix the label upon

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the plastic box either in the top level or in the bottom in the plastic box. Second H.M.T. put the descriptive label in to plastic box, in the first phase H.M.T. gives the detail about Model No., Batch No. and Price of the watch. Second phase, which is descriptive, label in which following information viz - term of conditions of guarantee/warranty, service & repairs, operating instructions, specifications, etc.

3. Packaging:

Packaging\textsuperscript{25} is concern with designing the container or the wrapper material is such away to help to product and promote the product. Now packager & packaging is in the common parlance, the word package & packaging are consider commonly. However there are two different terms. While packing is concern only with protection of the product, packaging is wider term involving both protection of the products. There are following importance of the packaging\textsuperscript{26}.

(I) The most basic of packaging function is protection and another basic function is to hold products in specified quantities for transportation.

(II) A good packaging can convey a particular image of product quality, design & shape.

\textsuperscript{25} (a) Packaging may be defined as a general group of activities. In product planning which involve designing and producing the container or wrapper for a product. (Fundamental of Marketing – K. J. Stanton 7\textsuperscript{th} ed Mcgraw hilie 1984 P - 229).

(b) Packaging is the use of container and wrapping materials plus decoration and labeling to product the product, to help & promote product. (Marketing & Distribution – Mason & Roth – P - 283).

\textsuperscript{26} Marketing Management – K. Paramahansa. Paramahansa Foundation Banglore P - 120.
(III) Packaging usually provides important information to customers regarding use, misuse, guarantee and ingredient etc.

(IV) Packaging can be open up new distribution channel and pricing position decisions.

So in the real sense the package is a vital part of the total product. There are three level of physically packaging, which are such as — primary packaging, secondary packaging, & tertiary packaging.

Primary packaging is the first level, where the materials envelop the product and hold it. Secondary packaging is the packaging that holds the primary package for transportation or display and is thrown every when the product is about to be used and tertiary packaging is the bulk packaging a card board box or a pallet that holds secondary packaging for transit from the manufacturing location no the retailer or user.

As for as H.M.T. is concern, it has its own packaging department. Packaging in this case is useful, both for protection and sales promotions of the product. The packaging for watches is two types :

(1) Packaging for consumer use.

(2) Transit packaging.

The primary packages for the watches are plastic cases/boxes. These boxes/ cases are purchased by H.M.T. from Hong Kong as they received these at the minimum cost price. The tertiary packaging (Transit packaging) assumes more important as the watches is slow both in the home and foreign market. In the home market H.M.T. uses cartoons (card
board), the purpose of packaging for export purpose wooden chaste board used till 1980's. But since it involved high cost company & swised over to paper sacks and cartoons for packaging purpose.

It is important to note that company does not face any problem regarding to the packaging of its products.

Many marketers have called packaging as fifth 'P' along with '4P' (Product, place, price, & promotion). Many markets however treat packaging as a element of product strategy.

4.8 New Product Development:

New products that provide a company's established products lines that create an entirely new market for the first time, allow a company. The company concerned to ensure its future growth or faced with constant threats of competition innovativs development, saturated markets for existing products and changes in customer taste, needs to have in hard a programmer of new product launches.

- New products can be four types: - New product, product improvement (same feature, batter quality), production modification (same product with new feature added/same feature removed or combination of these) and new brands. New product development have exhibited in the Table - 4.8 As for H.M.T. is concern, H.M.T. has launched many new product and new brands/ model name time to time. New products are develop through the research & development or foreign catalogue & Survey for the new product development H.M.T. has tied up with citizen for new feature and dials of the watches which gives the support for new watches

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development, as well as H.M.T. has appointed I.I.M. Ahmadabad for restructuring of business along with to advice the new latest design and feature. After 1990, H.M.T. introduced many new brand watches, because H.M.T. was setup its own R & D department here it is the some of brands like: - Swarna, H.M.T. Tennemax in the year 1998, Shreyas in the year 1999. And other brands watches are Shakti, Pace, Roman, Utsav Elegance etc.

New product development is the risky task for a company, failure rates are extremely high and cost of developing of a new product is very high. Now product development goes through eight major stages, which are show in the Table: - 4.8. As per the Table,, New product development process consist of following steps: - Generation of idea, preliminary screening, feasibility testing, development, preliminary product testing, marketing strategy formulation, test of marketing, and communication.

4.8 (a) Obsolescence:

When any product is Non – functional and becoming old then any customer are not interested to buy that product, this is call as obsolescence. So in the general parlance it can say that when any modify or innovative product comes to the markets then consumer have a confident relating to the new product that it is better than previous product in quality and style. Then old product becomes obsolete in comparison to new launch.

28 (a) "Obsolescence is the process of deterioration, becoming old and non functional."
(Mason & Rath : - Marketing & Distribution, P - 367)
(b) "It is interded to make a product out of date and thus to increase the replacement market."
(Stanton: - fundamental of marketing P - 204)
product. Main characteristics is that obsolescence made by manufacturer himself.

Obsolescence can be two types for the consumer:

1. Improving performance characteristic of new models.
2. Changing consumer's concepts of the acceptability of existing products.

As per the first phase when a manufacturer does the minor changing in the product. Whether in the second phase a manufacturer change the product models/feature every year.

The nature of the obsolescence has been divided in four. These four can be called as planned obsolescence, which are following as:

1. Technological or functional obsolescence.
2. Intentional obsolescence.
3. Postponed obsolescence.
4. Style obsolescence.

Technological obsolescence becomes, when a product is obsolescence due to technical changing and new product launch with new technology. Intentional obsolescence means when a product is make such as that it is decaying soon. Postponed obsolescence means when a manufacturer extend obsolescence further whenever be demand of the product is not lack of. Style obsolescence means, when a consumer uses old product and he seem that this product has out of date/obsolete then he want to purchase new one or new style product.

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28 Marketing management to Dr S.C. Jain Sahitya Prakashar Agra 1993 P - 184.
As for as H.M.T. is concern, H.M.T. mostly adopted the second method which is changing consumer's concept of acceptability of existing products. Because H.M.T. always launched new feature/models of watches. Some watches models have paroaly obsolescence viz - Amar, Ankit, Dhruva, Chetak, Kaushal, Manish, Mohit, Pankaj, Vikas, Virat etc. After 1990 when H.M.T. launched Quartz ranges then mechanical watches was obsolescence, in the Quartz segment some new brand like. Shreyas Lalit, Utsav, Roman, H.M.T. tennemax. Pace. Elegances Model name launched that is why above models have partly obsolescence'.

4.8 (b) Product Modification :

A product modification is any deliberate alteration in the physical attributes of product or its packaging. Actually product modification is not possible for all the product viz – Indian oil. It means where a raw material & chemical material or liquid cannot be differentiate\textsuperscript{30}. Product modification can be do on the feature's, taste, product research, engineering and design. There are many strategies of product modification but here there are few strategies following as –

1. Quality improvement strategy.
2. Style improvement strategy.
3. Functional feature improvement rate of strategy\textsuperscript{31}.

These strategies are separate from one another. But as a practical all above three strategies are Utilize at a time.

\textsuperscript{30} Marketing management – Dr S.C. Jain, Sahitya Bhawan 1993 P – 196.
\textsuperscript{31} Havard business review March – April 1959. P – 55.
modification is very risky process, that is why a company adopt the product modification process slowly.

4.8 (C) Product Elimination

When a company eliminate the product from the product line that is called as product elimination. This type of decisions are taken in decline stage of product life cycle, reduction of product effectiveness and substitute product.

Product abandonment practice are following as

1. On a piece meal basis.
2. On a crisis basis.
3. Periodic product review method.

On a piece meal method are adopted at that time when a products price are decline consequently in this method a company abandonment the product slowly. Second method is adapted then product/products are dumping in the godown. Third method is adopted when a company observe that its average sales are decline. Product elimination decision is always taken by high authority, because wrong decision or wrong selection of product abandonment will be effected the company sale and profit.

4.8 (d) Product Innovation :

When a product is modify like that it is looks like a new product that is called as product innovation. Product innovation decision are taken for following reasons:

33 Ibid – P – 203.
1. When a product demand comes to the maturity stage.
2. Due to price competition.
3. Market changes.
4. Marketing strategy of the company.

A company product innovation decisions will be success when a company have experienced and professional, personal and effective organizational arrangements.

As for H.M.T. is concern, H.M.T. is used product innovation decision. Time to time H.M.T. has used this method when it has required for example: - 1980 H.M.T. launched the Quartz range of watches aimed at the modern young man. But due to high price, it was a failure. Again 1990 H.M.T. has launched again with some changes in feature; Quality and price ranges. That time it was success.

4.9 Product Positioning:

Product ‘Positioning’ refers to the position a product occupies in hypothetical abstract space in the prospect’s mind in relation to other competing products. It focuses on buyer perceptions and preferences about the place a product occupies in a specified market. Every company needs its product positioning by a proper way. To develop a better product positioning, it is needed that company will be differ its products from

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34 A product position is a complex set of consumer perception, impressions, and feelings consumer hold for the product compared with competing products.

(Principle of market – Philip Kotler 3rd ed P - 283)
# NEW PRODUCT DEVELOPMENT MAJOR STAGES

<table>
<thead>
<tr>
<th>Stages</th>
<th>Process in Every stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Generation of Idea</td>
<td>Build up a back of idea. Sources of Idea might be –</td>
</tr>
<tr>
<td></td>
<td>(i) Market studies of customer wants</td>
</tr>
<tr>
<td></td>
<td>(ii) Creatively session</td>
</tr>
<tr>
<td></td>
<td>(iii) Technological forecasting</td>
</tr>
<tr>
<td></td>
<td>(iv) R &amp; D</td>
</tr>
<tr>
<td></td>
<td>(v) Sales forces</td>
</tr>
<tr>
<td>2. Preliminary Screening</td>
<td>Elimination of those ideas which obviously have no potential. Criteria used might product –</td>
</tr>
<tr>
<td></td>
<td>(i) Corporate fit.</td>
</tr>
<tr>
<td></td>
<td>(ii) Technical feasibility.</td>
</tr>
<tr>
<td></td>
<td>(iii) Market potential.</td>
</tr>
<tr>
<td></td>
<td>(iv) Competitive advantages.</td>
</tr>
<tr>
<td></td>
<td>(v) Possible profitability.</td>
</tr>
<tr>
<td>3. Feasibility Testing</td>
<td>(i) Formation of core benefit proposition.</td>
</tr>
<tr>
<td></td>
<td>(ii) Concept testing.</td>
</tr>
<tr>
<td></td>
<td>(iii) Technical studies.</td>
</tr>
</tbody>
</table>


| 4. Development | Development of a tangible product:—
|                | (i) Design. |
|                | (ii) Development of actual product. |
|                | (iii) Development of manufacturing technology. |

| 5. Preliminary Product Testing | To examine the qualities of the product:—
|                               | (i) Technical tests to measure durability and reliability and extreme conditions consumer usage tests. |

| 6. Marketing strategy formulation | Device the full marketing mi agreement on advertising them
|                                 | (i) Pricing, product name, distribution, selling. |

| 7. Test marketing | Testing the market reaction to marketing strategy:—
|                   | (i) Launching the product in a representative area of a com |

| 8. Commercialization | Actual introduction of the product in the market place and product of adoption by the market. |

Sources from marketing management Paramhansha

Table — 4.8.
current and potential competitors. The main objectives of the positioning strategy is to have the brand favorable perceived by the people in the target market. It is the way the product is defined by consumers on important attribute – The place the product occupies in consumers minds relative to competing products.

A company has available many positions. There are following as - law-price position, high-quality position, high service position, Advanced technology position.

A firm that seizes upon the high quality position knows that it put out high quality products, charge high price, distribute it to the high class of society and advertisement is made in high quality Magazines. This is only the way it project a consistent and believable high quality image. But some of the firm go after same positioning. Then each will have to seek further differentiated, such as high quantity for a lower cost or high quality with more technical service.

A company can choose one of the following positioning strategies:

(i) Positioning against the competitors.
(ii) Positioning away from the competitors.
(iii) Positioning with respect to other classes user's.
(iv) Positioning with respect to quality/Features.
(v) Positioning with regard to benefits.
(vi) Positioning with regard to occasions.

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35 Positioning is the act of designing the company's image and value after so that the segment's customers understand and appreciate. What company stands for in relation to its competitors.
37 Marketing management- Pasamahans Foundation – PP - 125
(vii) Positioning is also done with regard to product user and prices.  

Product positioning against the competitor strategy is adopted by those firms who are made same product and one firm is competitors of another firm and in the second strategy positioning away from a competitors is adopted when a product is projected to be distant form the competitors itself. Positioning with respect to other product classes strategy is adopted when substitute of product is possible in the market. Positioning with respect to quality /features strategy is adopted by those firm who are try to differentiate its product by feature and quality which led promise to have a strong position in the perceptual position in most of the customers mind. Positioning with regard to benefit strategy have a company advertise that its product gives the benefit to the customer through the product. Positioning with regard to occasions strategy is adopted by those firms who are position its product in a particular or special occasions. This positioning is quite successful. Positioning is also done with regard to product user and prices, such type of strategy is adopted by the company when it sacks to decide what position it should attempt to occupy. In this strategy it must first analyze what position have already been occupied by competitors. It is very unadvisable to attempt to occupy a place already occupied by competitors. This is because consumers would then treat the company’s product as an imitator product or a 'me-too' product and response will not be good.
A company should assess its competitive strength and weaknesses relative to those or potential competitors before taking decision regarding product positioning.

4.10 Product Positioning Strategy Of H.M.T.

Where as the H.M.T. is concern, H.M.T. uses the following positioning strategies – Positioning against the competitors, positioning with respect to the other classes of user’s, positioning with respect to the quality/features, positioning with regard to occasions, positioning is also done with regard to product user’s and prices etc.

Positioning against the competitors strategy have adopted some of cases viz in 1991 H.M.T. was launched of the ranges Astra and Pace. both these were mid-priced plastic watches. These brands were targeted to answer of Titan & Allwyn ‘Aqua’ and ‘Trendy’ brand, again 1993 H.M.T. launched the ‘Utsav’ and ‘Roman’ brand ranges. While Utsav was H.M.T’s. answer to Titan ‘Raga’. Positioning with respect to the other classes of user’s strategy is adopted by the H.M.T. viz- in 1992 H.M.T. launched range for children and max. watches are launched for gents and ladies. Along with these H.M.T. has launched for nurses watches also, positioning with respect to the quality/feature strategy has also adopted by the H.M.T. H.M.T. is known for its sturdy, solid and good quality watches, through H.M.T. watches was typically called as Janta watches and in the rural area it is known as “Chinti” for its high quality. For good feature it has collaborated with Citizen of Japan. Positioning with regard to occasions strategy is also adopted by H.M.T.. H.M.T. launch watches
occasionally viz – Deepawali, Raksha Bandhan, Holi, Dashhara, Independence Day occasions. In the 1997 H.M.T. have launched Swarna watches ranges on the occasion of 50 years of Independence Day. Positioning is also done with regard to product user’s & prices strategy is adopted by the H.M.T. This strategy uses that time when the market is fully competitive H.M.T. has launched for upper, middle & lower status of society as per the product user’s demand and different price ranges by which every part of the society customer can be purchase the H.M.T. watches.

4.11 Research And Development

Research is primarily done to ensure that the concept and element are in turn with consumer beliefs. Every marketer needs marketing research. It involves gathering relevant information on consumer behavior, attitude and values.

In order to develop H.M.T. (watches), R & D department was established in 1992 at Bangalore. The Institute is engaged in preparation of product designs, new product development, pricing promotion, brand & packaging. The company is providing its developed technical know how to other countries. R & D expenditure on total expenses is 15% to 20% R&D expenditure has exhibited in the table 4.6. As per as the table commulative growth rate is 11%. The company have employed an amount of Rs 14.98 crore in the 1992-93. But in the next year it has decreased –37.31% but next two year 1994-95 to 1995-1996 R & D expenditure has increased over

Marketing research is a systematic design, collection analysis and reporting of data and finding relevant to a specific marketing situation facing the company.
(RESEARCH AND DEVELOPMENT)

Commutative growth rate 11%

<table>
<thead>
<tr>
<th>Year's</th>
<th>R &amp; D EXPENDITURE (Rs crore)</th>
<th>INCREASE &amp; DECREASE OVER PREVIOUS YEAR (ON %)</th>
<th>AVERAGE GROWTH RATE (ON 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993-94</td>
<td>9.39</td>
<td>-37.31</td>
<td>11.97</td>
</tr>
<tr>
<td>1994-95</td>
<td>10.32</td>
<td>9.90</td>
<td>13.17</td>
</tr>
<tr>
<td>1995-96</td>
<td>10.60</td>
<td>2.71</td>
<td>13.53</td>
</tr>
<tr>
<td>1996-97</td>
<td>9.39</td>
<td>-1.814</td>
<td>11.97</td>
</tr>
<tr>
<td>1997-98</td>
<td>9.12</td>
<td>-2.87</td>
<td>11.63</td>
</tr>
<tr>
<td>1998-99</td>
<td>14.60</td>
<td>60.09</td>
<td>18.62</td>
</tr>
</tbody>
</table>

(Table 4.11)

(Sources – Centre Monitoring & Industrial Economy Pvt. Ltd. Bombay)

(CMIE Report)
previous year, again next two year 1996-97 and 1997-98 R&D expenditure has decreased over previous, which is -1.14% 2-2.27% over previous year. In the year 1998-99 H.M.T. has again employed the Rs. 4,60 crore as which is the maximum amount in comparison to previous five year’s, which is the 60.09% increased over previous year and 18.62% average growth rate. Not with standing in the year’s 1992-93 & 1994-95 & 1995-96 average growth rate is 19.10%, 13.17%, 13.53% consequently. Efforts of R&D have resulted substantial saving in foreign exchange. 

\[1^{1}\] Jagdish Prakash, 30, Shukla, Administration of Public Enterprises in India, Himalaya Publishing house Bombay P-766.
CONCLUSION - product analysis & positioning chapter we have discussed about product decision viz- Product mix, Product quality, feature, design, grading, packaging. Labeling, branding, new product development etc. In this chapter we have examined about product so we could be describe like this that product is a bandal of utility with different feature, which consumer want to purchase for satisfaction of his needs and wants.

There are two types of product - consumer product, industrial product. H.M.T. (watches) is a consumer product, regarding watches it comes under the category of durable goods. H.M.T. (Watches) is a shopping goods and under shopping goods they are heterogeneous.

Where as H.M.T. product line is concern it is made as per stretching of product among consumer. H.M.T. made its product for Up market, down market, both market. H.M.T. product line has exhibited in the table 4-2. product line of H.M.T. is Zap, Utsav, Astra, Sowmya, Elegance, Gemseries, Lalit, Sakti, Shreyas, tennemax, Product mix, means all item offered by the concern. H.M.T. product mix viz- H.M.T. watches, Machine tools, H.M.T. Tractor, Dairy machine etc.

Where as H.M.T. (watches) Quality & feature is concern, it have high quality & feature. H.M.T. brand is known for study, solid & good quality watches. H.M.T. (watches) was also typically called as “JUNTA” watches. Where as feature is concern since 1980 H.M.T. had launched 200 design/feature of watches for design and dial concern have tied up with citizen. In the rural area H.M.T. (watches) are known as chimti for his quality. H.M.T. have ISO 9002 standardization certificate.
Branding is only away of differentiating a product from its competitors. The term trade mark is distinct with brand. Trade mark is a legal counterpart. There are various types of brand viz- family brand, Individual brand, manufacturer brand, private brand etc. H.M.T. watches H.M.T is a brand name, as well as it is trade mark of the company. It is the called as family brand H.M.T. used the brand name/trademark along with model name of the watches viz- Lalit, Shakti, H.M.T. Tennemax, etc. Today H.M.T. brand share in the market is 22.5% comparatively since 92-93 51% where as Titan which has commence its business since 1987 is a leader product in the market which brand share is 58%. This figure have exhibited level 4.5% H.M.T. used the descriptive level H.M.T. affix the label upon the plastic box or put the descriptive level into the plastic box.

Packaging is the important part of marketing. H.M.T has adopted two types of packaging (i) Packaging for consumer second is transit packaging. The primary package for the watches are plastic boxes which are purchased from Hong-Kong. Secondary package (Transit Packaging) H.M.T. used cartoons (Cardboard).

H.M.T. have adopted new product development is a risky task far a company because cost of new product and failure rates are very high. There are four types of new product development- Product modification, obsolescence, product elimination and product innovation for that eight major stages are followed. Which have shown in the table. In the obsolescence. H.M.T. mostly adopted intentional obsolescence because
H.M.T. always launched new feature/model of the watches viz- Amar, Manish, Pankaj, Vikash etc.

Product positioning is a consumer perception for that consumer could be compared that what the product hold against its competitors. H.M.T. have adopted the following positioning strategy – Positioning against the competitors, Positioning with respect to the other class of users, positioning with regard to product users and prices etc.

H.M.T. have adopted the research & development through R&D company seek new product design, new product development, pricing determination, packaging file, company out lay of it total expenditure is 1-5% to 2.0% year by year company R&D expenditure have exhibited in the Table.

H.M.T. have got the ISO-9002 certificate which show the standardization of the company product H.M.T. has begged the “Excellence in standardization 1996” award for its outstanding work in standardization 1994-95 in the category of mechanical and Quartz segments.

new product development goes through eight major stages – Generation of India, Preliminary screening, feasibilities testing, development, preliminary product testing, marketing strategy formula test of marketing and communication.

Positioning against the competitors strategy have adopted some of cases viz- 1991 H.M.T have launch of ranges “astra” and “pace” both are plastic watches. Again 1993 H.M.T. launched “Utsav” and “Roman” brand ranges. While utsav was H.M.T.’s answer to Titan “Raga”
Positioning with respect to the other class of users. Positioning adopted by H.M.T. with regard to special occasion also.

Product mix is the entire collection of the items offered by the company H.M.T. product mix has been exhibited in the table. H.M.T. width is H.M.T. machine tools, watches tractor etc. so H.M.T. is following the product analysis and product positioning in a proper way.