

Class: B.Com (Hons) Semester VI

Subject : BCP 6.2 PRINCIPLES OF MARKETING

Topic: CONCEPT OF PRODUCT MIX

1.7: Introduction

The term 'product mix' implies all the products offered by a firm for sale. It may consist of one line products or several allied product lines.

Product line refers to an assortment or class of similar or related products and services. They may be similar in technology, customers needs, channel used, market served or in some other respect. An individual product in a line is known as a product item. There are several product items in a product line.

***1.7.1:** Product mix has three important aspects—width, depth and consistency.*

#1 Width

Width, also known as breadth, refers to the number of product lines that is offered by the firm. For example, Kellogg's product lines consist of: (1) Ready-to-eat cereal, (2) Pastries and breakfast snacks, (3) Crackers and cookies, and (4) Frozen/Organic/Natural goods.

#2 Length

Length refers to the total number of products in a firm's product mix. For example, consider a car company with two car product lines (3-series and 5-series). Within each product line series are three types of cars. In this example, the product length of this company would be 6.

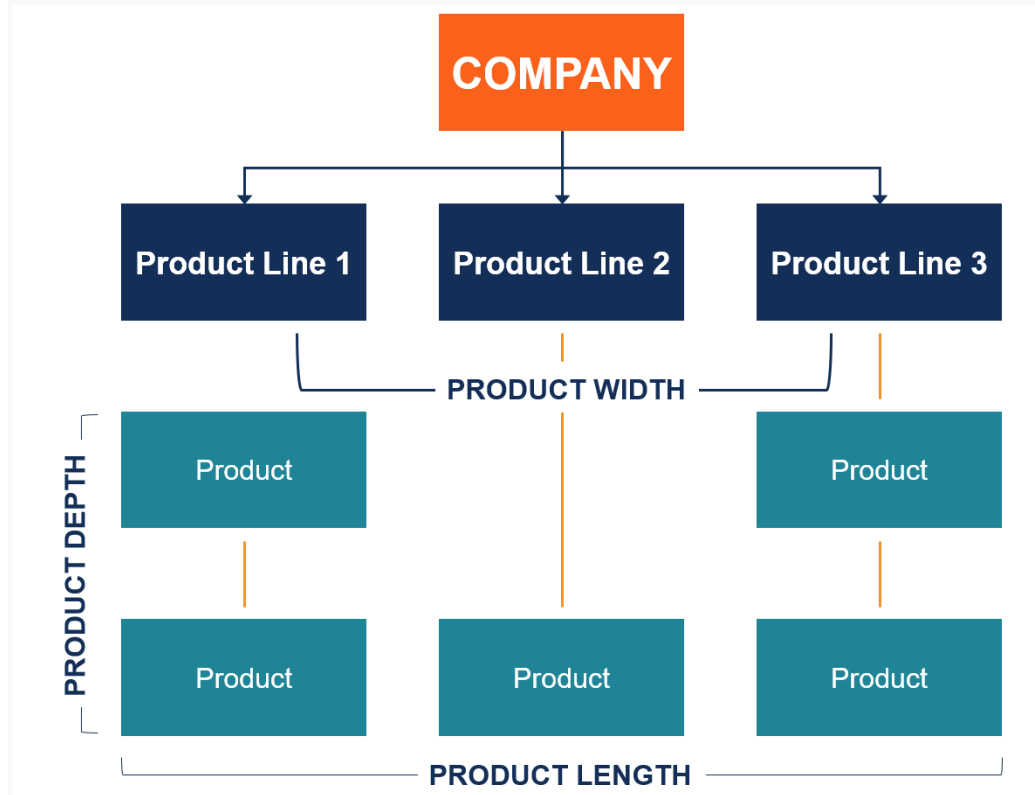
#3 Depth

Depth refers to the number of variations within a product line. For example, continuing with the car company example above, a 3-series product line may offer various variations such as coupe, sedan, truck, and convertible. In such a case, the depth of the 3-series product line would be 4.

#4 Consistency

Consistency refers to how closely related each product lines are to each other. It is in reference to their use, production, and distribution channels. The consistency of product mix is advantageous for firms attempting to position themselves as a niche producer or distributor. In addition, consistency aids with ensuring a firm's brand image is synonymous with the product or service itself.

Illustration of a Product Mix



In the illustration above, the product mix shows a:

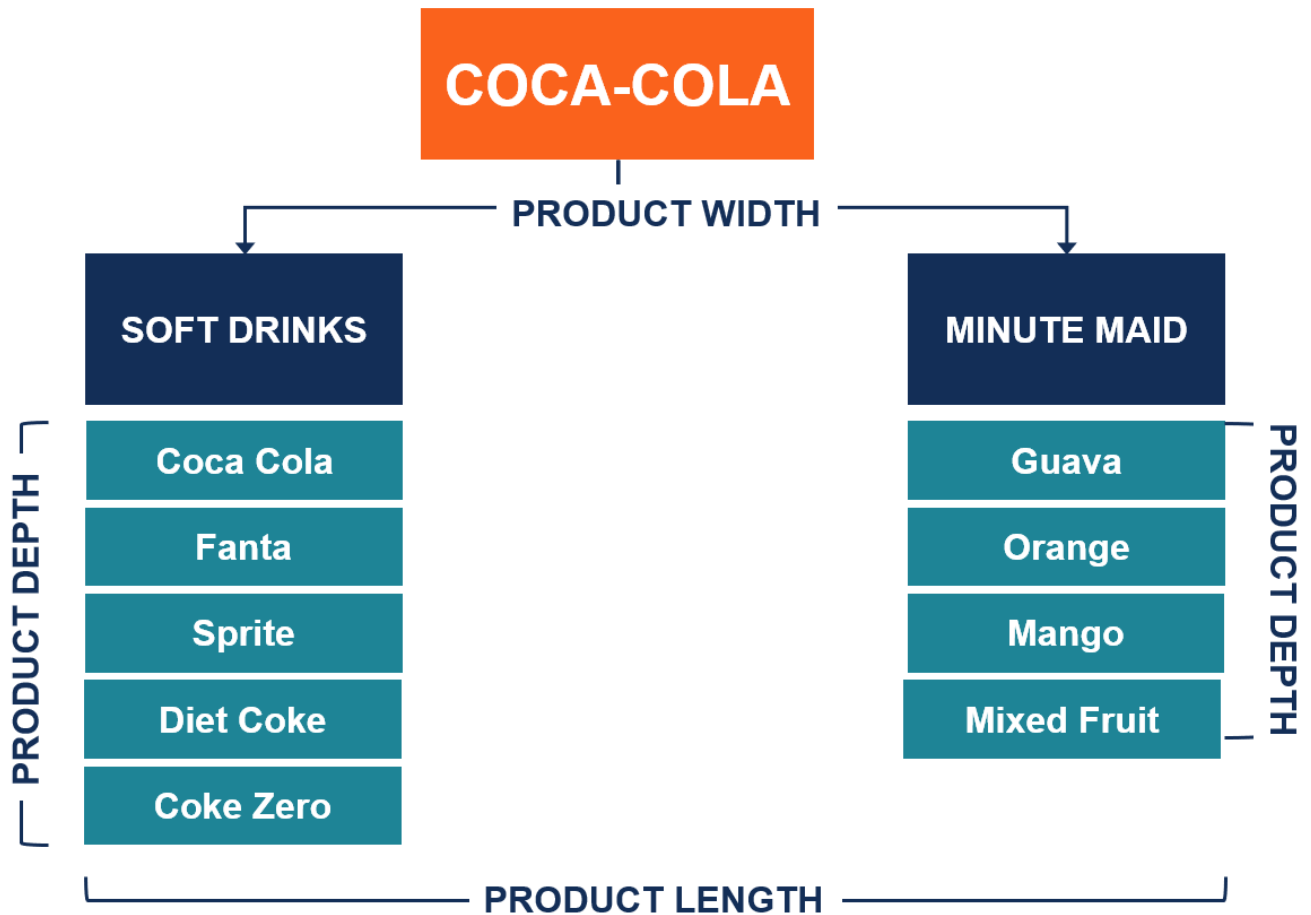
- Width of 3
- Length of 5
- Product Line 1 Depth of 2
- Product Line 2 Depth of 1
- Product Line 3 Depth of 2

The mix is considered consistent if the products in all the product lines are similar.

Example of a Product Mix

Let us take a look at a simple product mix example of Coca-Cola. For simplicity, assume that Coca-Cola oversees two product lines: soft drinks and juice (Minute Maid). Products classified as soft drinks are Coca-Cola, Fanta, Sprite, Diet Coke, Coke Zero, and products classified as Minute Maid juice are Guava, Orange, Mango, and Mixed Fruit.

The product (mix) consistency of Coca-Cola would be high as all products within the product line fall under beverage. In addition, production and distribution channels remain similar for each product. The product mix of Coca-Cola in the simplified example would be illustrated as follows:



Importance of a Product Mix

The product mix of a firm is crucial to understand as it exerts a profound impact on a firm's brand image. Maintaining high product width and depth diversifies a firm's product risk and reduces dependence on one product or product line. With that being said, unnecessary or non-value adding product width diversification can hurt a brand's image. For example, if Apple were to expand its product line to include refrigerators, it would create a negative impact on their brand image by consumers.

In regard to a firm expanding its product mix:

- Expanding the width can provide the firm with the ability to satisfy the needs or demands of different consumers and diversify risk.
- Expanding the depth can provide the firm with the ability to readdress and better fulfill current consumers.

Summary

Successfully expanding a product mix can help a firm adjust to changing consumer demand/preferences while reducing product risk and reliance on a single product or product line. This, in turn, generates substantial profits for the firm. On the other hand, poor product mix expansion can result in a detrimental impact on a firm's brand image and profitability.
