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C.27 Product Line

PRODUCT LINE DECISIONS

Most marketing concepts consider the product or brand as if it were a single item marketed to consumers, yet in many, probably most, situations the marketer offers lines of products, sometimes made up of dozens of products. This entry is concerned with the decisions that must be made in forming these lines of products.

What Is a Product Line? To avoid confusion with other decision areas, we will define

product line rather narrowly. We will consider a **product line** to be a group of related products with a common brand name that are marketed to the same or closely related target markets. Thus, Duncan Hines cake mixes, cookie mixes, and cookies are parts of the Duncan Hines product line. By contrast, Tide and Cheer detergents, although both marketed by Procter and Gamble Company, are not members of the same product line because they are separately marketed as individual brands. Such brands are often referred to as **specialty brands**.

What Are the Product Line Decisions? Product line decisions are interrelated with other product decisions as well as with several promotion, pricing, and distribution decisions. Two decisions will be considered as part of the product line concept.

■ *Decision 1: Specialty Brand versus Line.* The marketer must choose between marketing a product as part of a line of products or as an individual, stand-alone, specialty product. Products marketed as part of a product line are directed by a common line **positioning**. They have a common brand name, a common marketing program, and usually participate in common promotion and distribution programs. Pricing of individual products in the line is carefully related to prices of other items in the line.

Products marketed as specialty brands are directed by their own unique positioning. The brand name will not be shared with other items. Advertising of the brand will generally be separate. Distribution may be shared, but the product will be sold as a separate item. Pricing decisions are less dependent on other products marketed by the same firm.

■ *Decision 2: Composition of the Line.* If it is decided to market a line of products, the products to be included in the line must be selected. A related decision may be to market a **limited line** that includes a few related yet specialized products, or the decision may be to market a **full line** that includes a large variety of items.

Formation of a line of products may be planned in advance and implemented upon introduction of the first product, but more often product lines evolve gradually as a result of a series of individual product decisions. Frequently there is a **lead product** in the line that is introduced first. Related items, termed **line extensions**, are added to complement the introductory product. As new items are added and the line grows, some items in the line may become obsolescent and decline in sales and profits. A decision whether or not to eliminate such items from the line must be made.

Other Decisions Related to Product Line.

Product line decisions are interrelated to other marketing planning decisions. There are several related decision-making concepts that may be useful in considering product line decisions.

■ *Product Mix.* The product mix decision is made at the level of the business rather than at the product level. In making the **product mix** decision, the business determines the different product-markets that it will enter. An appliance manufacturer, for example, must decide whether to offer ranges, clothes washers, and refrigerators or to specialize in one of these. It would be a later decision to decide whether or not to market these items separately or as a line of products. The product mix is a strategic level decision that emerges from **strategic market planning** (see GLOSSARY entry A.20).

■ *Target Market Coverage.* In deciding on target market coverage, the marketer decides whether to select the total market as the target, to select a single segment, or to market several products to separate segments. Market coverage is part of the **target market selection** decision (see GLOSSARY entry B.4). If several products are marketed to different target segments, they may or may not be part of a common product line. Ivory Soap, Ivory Snow, and Ivory liquid soap are product line items with separate, but related target markets.

■ *Product Branding.* The **branding of products** decision includes determining whether an existing brand name can be extended to cover a new product or a separate brand name should be developed. For example, when Kimberly-Clark, marketers of Kleenex, developed a disposable diaper, they had to decide if it should carry the Kleenex name. Criteria for extension of brand names to new items are similar to those for the specialty brand versus product line decision. Branding of products is considered in GLOSSARY entry C.5.

■ *Product Elimination.* Over time, product lines frequently become overloaded with products and sales and profits tend to concentrate in a few items. Obsolete and unprofitable product line items become candidates for **product elimination**. This decision is considered in GLOSSARY entry C.26.

■ *Product Line Pricing.* If a product line is formed, the items in the line must be priced. Pricing of an individual item in a product line must consider the relationship between the products and the relative prices of the items. **Product line pricing** is considered in GLOSSARY entry C.28.

Figure C.27-1 summarizes decision-making concepts useful in making product line decisions.

FIGURE C.27-1
Product Line Decisions and Concepts

<i>Product Line Decision</i>	<i>Decision-Making Concept</i>
Should a product be marketed as a specialty brand or as part of a product line?	C.27 Product Line
What should be the composition of the product line?	C.27 Product Line
What mix of products should the business market?	A.20 Strategic Market Planning
How many/what target markets (product markets) should be selected?	B.4 Target Market Selection
What products should be eliminated from the product line?	C.26 Product Elimination
How should items in a product line be priced?	C.28 Product Line Pricing

CRITERIA FOR MAKING PRODUCT LINE DECISIONS

Criteria for making two product line decisions, specialty brands versus product line and composition of the line, are presented below. The two decisions are somewhat interdependent. Generally the specialty versus line decision is made first followed by the composition of the line decision.

Specialty Brands versus Product Line. Both the specialty brands approach and the product line approach have their advantages and disadvantages. Choice between the two depends upon the product and the market situation that it faces.

- **What Is the Corporate/Business Strategy?** The specialty brand versus product line decision should take direction from the corporate or business unit market strategy. A business may decide, as part of its strategic market plan, that it will seek competitive advantage by offering differentiated specialty products that receive individual promotion and distribution attention. On the other hand, the business may decide that its advantage lies in offering more complete lines of products, providing the customer with the convenience of "one-stop shopping." In either case, the strategic market plan should be referred to for direction in choosing between the specialty or product line approach for an individual product or group of products within the business.
- **What Are Consumer Needs?** The choice between

specialty and product line approaches should be responsive to consumer needs. If a single target market has been selected and needs within the segment are uniform, then a specialty product tailored to the needs of that segment may be appropriate. If several segments have been selected as separate target markets, then a line of products, each tailored to the needs of a single segment, would be more appropriate. Line extensions are frequently used to capture additional segments after the lead product has become established, such as following a lead product, aspirin, with a line extension, children's aspirin. If consumer needs differ depending on the situation, a line of products would allow consumers to better match product to their need situation.

- **Is Organizational Focus Needed?** Products that are part of a product line, especially if they are not the line leader, tend to receive little individual attention. If there is a need to bring greater organizational focus on a product, the specialty brand approach may be more appropriate. The need for organizational focus may occur because the product is different, requires a different marketing approach, or is not performing well. The brand management system, which is based on having one manager responsible for one brand, is designed to bring organizational focus on individual specialty brands. Of course, such focus is not without cost. To be viable as an individual specialty brand, a product must have sufficient sales and profit potential to meet the additional costs of going it alone.
- **Are There Potential Promotional Economies?** Product line marketing offers the advantage of economies in promotion. If the target market

for all line products is the same, a common advertising campaign can be used with considerable savings in space and production costs. The advertising can present the entire line of products or it can feature a specific item as representative of the line. Product literature can also present the full line, making it less expensive than separate treatment and more convenient for customers. Personal selling of a line of products may also be more efficient since the entire line can be presented at one time with emphasis given to the item that best meets the customer's need.

- *How Related Are the Products?* When products are highly related in performance characteristics and target market, they lend themselves to common promotional treatment in a product line. However, if products are not similar in their characteristics or if they are directed to different target markets, they need separate promotion and separate treatment by the sales force. This is best achieved by a specialty brand rather than a product line approach.
- *What Are the Requirements of the Distribution Channel?* Distributor, wholesaler, and retailer needs should be considered in choosing between specialty and product line approaches. In some cases, distribution for slower moving items can be gained only by offering them as part of a full line. A full line offers channel members the advantage of a single source of supply for a full range of products. Specialty brands, on the other hand, offer the channel member the opportunity to carry only individual fast moving items. Channel members that already carry one full line of products are unlikely to handle a second full line, but may be willing to handle a distinctive specialty product.

Composition of the Product line. If the decision is made to develop a product line, the next issue to be addressed is the composition of the product line. This issue can take several forms. What products should be included in the line? Or, if a product line has already been formed, what products should be added to the line? Or, if a new product is developed, should it be included in an existing product line? The criteria suggested below can guide a decision in any of these problem situations.

- *Line Positioning and Competitive Advantage.* In planning a product line, a **positioning** for the entire line should be established to guide the line's **marketing mix**. One of the issues that the line positioning should address is the completeness of the line. If a full-line strategy is adopted, the line should include one product for each customer need or application. Products are added to the line if they add to the competitive advantage of line completeness. If the positioning is that of a limited line made up of related specialty items, then products should be added to the line based on the competitive advantage of each individual product.
- *Consumer Need.* Regardless of the line positioning, no product should be added to the line unless it meets the test of fulfilling a consumer need. Preference or use testing can be used to evaluate consumer acceptability of proposed additions to a product line (see GLOSSARY entry C.25).
- *Product Fit.* Additions to a product line should **be perceived by consumers as being consistent** or fitting in with other items in the line. Attempts to strengthen new products that are not closely related by incorporating them in a successful product line are rarely successful. Additions to a product line should be directed to the same or closely related target markets. If this is not true, there will be no economies possible from common advertising and personal selling. To fit in the product line, a line addition should use the same or similar technology, have the same basis for its competitive advantage, and be able to use the same channels of distribution. It is also important to be able to set a price for the product that is consistent with the prices of other items in the line.
- *Complementary, Not Competitive.* Additions to a product line should complement, not compete with, items already in the line. Addition of competitive products to a line will result in **cannibalism**, the trading of sales between the new item and an existing line product.
- *Match Competitive Offerings.* Although competitive product line composition should not be blindly followed, sometimes it is necessary, in order to maintain a competitive line, to add items to the line to match a competitive offering. Also, it is sometimes desirable to add a product to a line to forestall a competitive entry of a similar item.
- *Meet Sales/Cost/Profit Standards.* Each item in the line and any proposed addition to the line should meet reasonable sales, cost, and profit standards. Accepting a loss on a line item be-

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cause it is competitively desirable to carry the product or it fills out the line should be resisted. Sales volume should be adequate to permit production at economic levels. There is a tendency in long lines of products for a few items to generate most of the sales and profits with the rest carried at a loss. Product lines must regularly be scrutinized to identify such candidates for product elimination.

SUGGESTIONS FOR FURTHER READING

- JACKSON, BARBARA B., and BENSON P. SHAPIRO. "New Way to Make Product Line Decisions." *Harvard Business Review* (May-June 1979), pp. 139-49.
- MOREIN, JOSEPH A. "Shift from Brand to Product Line Marketing." *Harvard Business Review* (September-October 1975), pp. 56-64.