

Product Mix

Product Mix, refers to several products that a company offers to its customers. For example, a company might sell multiple lines of products, with the product lines being fairly similar, such as toothpaste, toothbrush, or mouthwash, and also other such toiletries. All these are under the same brand umbrella. Whereas, a company may have varied and distinct other product lines that may be in good contrast to each other, such as medicines and clothing apparel. Product mix can also be understood as the complete set of products and services that are offered by a firm. A product mix consists of the product lines, which are associated items that a consumer purchases.

Dimensions of a Product Mix

Width

Width or breadth, that refers to the number of product lines which is offered by a company to its customers

Length

The length refers to the total number of products in a firm's product mix strategy.

Depth

Depth refers to the number of variations that exist in a product line.

Consistency

This refers to how closely the product is with each other.

Example of a Product Mix

A popular and classic example of Product Mix is the brand Coca-Cola. For simplicity, let us assume that Coca-Cola oversees only two product lines that are soft drinks and juice (Minute Maid). The Products that are classified as soft drinks are Coca-Cola, Fanta, Sprite, Diet Coke, Coke Zero, and the products that are classified as Minute Maid juice are Guava, Orange, Mango, and Mixed Fruit. The product mix or the consistency of Coca-Cola would be high, as all the products within the product line fall under this beverage. In addition, these production and distribution channels remain similar for each of these products.

Factors affecting Product Mix

The product mix can be expanded, contracted, or modified depending on the following factors:

Profitability-Every company has an aim of maximizing its profits and for this, they try to make certain changes in the product mix such that it has a positive impact on the company's profitability. The company prefers introducing more product lines or product items to its existing product lines

to improve profitability. In the meantime, the product mix is constantly adjusted to realize more profits.

Objectives and Policy of Company

The company formulates its product mix to attain the objectives it has set. Therefore, the addition, subtraction, or replacement of the product lines or the product items are based on the company's target. Hence, the product mix is prepared and modified according to a company's policy

Production Capacity

-The decisions regarding the marketing mix, depend on the capacity of the plant or production of the company to a large extent. The company designs its product mix in a way that hails optimum production capacity.

Demand

Mostly the Product mix decisions are taken concerning demand. A Marketer should study consumer behavior to find the popularity of their products. The Change in the preferences of the consumers' especially for fashion, interests, habits, etc., must be reflected in the product mix of the company. The company, naturally, prioritizes the products which have more demand. In case of falling demand, a company must drop poor products gradually. Thus, the product mix is adjusted to meet consumer needs and wants over time.

Production Costs

The product mix is widened or narrowed depending upon the production costs of the respective items. The company will prefer those products, which can be produced within the budgeted limit. At times, the manufacturing costs for existing products rise, then the company decides to drop such products to reduce their production costs. It also tries to balance selling price, profit margin, and production costs.

Government Rules and Restriction

Companies generally produce products that are not restricted or banned by the governments. At times, a company has to stop certain products or varieties when they are declared illegal. In the same way, social and religious protests also play a vital role in this regard. The size and composition of the product mix is directly affected by the contemporary legal framework.

Demand Fluctuation

Apart from the behavior of the consumer, demand also fluctuates due to other reasons as well. Demand is affected more due to seasonal effects, non-availability of substitutes, increase in population, war, situations of drought, flood, or any other reason. To meet the changing demand for certain products, the company has to adjust its product mix.

Competition

-It is one of the major factors affecting the product mix. All the companies try to formulate their product mix in a way that the competitions can be strongly responded to. The product mix strategy adopted by the close competitors has a direct significant impact on the company's product mix.

Impact of Other Elements of Marketing Mix

Other elements of the marketing mix such as price, promotion, and distribution are also equally important in designing the product mix. The company tries to maintain consistency among these all elements to carry out marketing activities effectively and efficiently.

Overall Business Condition or Condition of Economy

Economic conditions domestically as well as globally are also considered. Due to the process of liberalization and globalization, no business can dare to underestimate the macro picture of the world economy. Therefore, a company must keep in mind the condition of the domestic economy concerning the world economy and is more relevant for a company that is involved in international trade.

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