

Unit-4: Product Classification

INTRODUCTION

Retail firms keep a large variety of products from different manufactures and also provide customer needed services. In a small kirana store/ provisional store, the number of brand products and other goods are limited. Providing variety of goods and services gives a wide choice to the consumers. Retailers enables assortment of products from various manufacturers.

For buying merchandise for their retail stores, the retailers must understand whatever purchases they plan to make on behalf of its customers. The retailing will not be possible unless the retailer does suitable pricing of merchandise proposed to be bought. Indian customer looks for good values for money. To some people, good value means lower prices. Others are willing to pay more as long as they are getting their money's worth in terms of product quality, services, convenience etc. Prices fixed by retail stores helps determine the image of the store and the types of customers it may attract.

Keeping in view the importance of the product knowledge, you will learn the classification of products.

SESSION-1 **TYPES OF PRODUCT**

A **product** is anything that can be offered to a market to satisfy a want or need, including physical goods, services, experiences, events, persons, places, properties, organizations, information, and ideas.

Products can be classified into below broad categories:

- a) Consumer products
- b) Industrial products
- c) Durability and Tangibility

Consumer Products

Consumer products are purchased by the customers for ultimate consumption. These are not meant for resale. These goods can be further classified on the basis of how consumers buy them:



Product Classification	Consumer Products
Convenience Products <ul style="list-style-type: none"> ☆ Buy frequently & immediately ☆ Low priced ☆ Many purchase locations ☆ Includes: <ul style="list-style-type: none"> ▪ Staple goods ▪ Impulse goods ▪ Emergency goods 	Shopping Products <ul style="list-style-type: none"> ☆ Buy less frequently ☆ Consumer does research before purchase ☆ Fewer purchase locations ☆ Compare for: <ul style="list-style-type: none"> ▪ Suitability & Quality ▪ Price & Style 
Specialty Products <ul style="list-style-type: none"> ☆ Special purchase efforts and consumer ready to pay a premium price. ☆ Unique characteristics ☆ Brand identification ☆ Few purchase locations 	Unsought Products <ul style="list-style-type: none"> ☆ New innovations ☆ Consumers don't know or doesn't think of buying. ☆ Require much advertising & ☆ Personal selling 

Industrial Products

Machinery, manufacturing plants, materials, and other goods or component parts for use or consumption by other industries or firms. Demand for industrial goods is usually based on the demand for consumer goods they help produce (called derived demand). They are classified as (1) Production goods, that enter the production of a final product, such as the raw materials and component parts, or (2) Support goods, that assist in the production process, such as fixed equipment and machinery, instruments, jigs, tools, etc.

These products can be classified as below:

a) Materials and parts

These are the Goods that enter the product directly. The costs of these items are treated by the purchasing company as the part of manufacturing cost. Material and parts are further segregated into three parts that are:

Raw Materials: These are the basic products which enter into the production process with little or no alterations. They may be marked to user customers or OEMs (Original Equipment Manufacturers). Such as iron ore, crude oil, vegetables.

Manufacturing Materials: That also includes those raw materials that are subjected to some amount of processing before entering the production process. Such as acids, fuel oil, steel and chemicals.

Component Parts: These are the semi finished parts that can installed directly into the products with little or no additional change. Such as small motors, batteries and tyres.



Fig: Material Parts

b) Capital Items

Capital items are those which are used in the production process. They are normally treated as user customers. Capital items are classified in to three groups:

Heavy equipments: These are the major and long term investments such as general purpose and special purpose machines, turbines, generators and earth moving equipments.

Light Equipments: Light equipments and tools which have lower purchase prices and are not considered as the part of heavy equipment such as typewriters, computers and small electric motors.

Plant and Buildings: These are the real estate property of the company. It includes the firm offices, plant, warehouses, warehouses and parking lots.



Fig: Capital Items

c) Supplies and Services

Supplies and services support the operations of the purchasing organization. They are not considered as the part of the finished goods. They are further segregated into two parts:

Supplies: These items are generally standardized and are marketed to a wide cross section of industrial users. Such as paints, oils, greases, pencils, stationary etc.

Services: Company needs a wide range of services like building maintenance services, auditing services, legal services, courier services and many more.



Fig: Supplies



Fig: Services

Durability and Tangibility

- a) Tangible products
- a) Intangible products

Tangible Products

Tangible goods are those which, can be seen, touched, felt, held, stored, transferred, and include other physical treatments. Judging by the aspect of sustainability of tangible goods, these are classified into two types as described below:

- ☆ **Non-durable Goods:** Perishable goods are tangible goods that are normally consumed in one or a few hours of use. Examples are soap, beverages and snacks, chalk, sugar and salt. The frequency of purchase is high and therefore, they should be made available at many locations.



Fig: Non Durable Goods

- ☆ **Durable Goods:** Durable goods are tangible goods that normally survive long during use normally a year or so. Examples include TV, fridge, car, and computer etc. In general, these types of goods require personal selling and service more than non-durable goods, offer greater benefits and need a guarantee/warranty from the retailer.



Fig: Durable Goods

Intangible Products

Intangible products are those which do not have physical entity like goods. For example, services provided by a hair dresser, a beauty salon, hotels, schools, repair of a machine etc.



Fig: Services

Some additional services are classified into several groups and are briefly discussed below:

- i) **Information:** It may be as street/directions to producers, the timetable or schedule for delivery of products/services, pricing, instructions about how to use the main products or services, warning (warnings), conditions sales/service, notice of changes, documentation, confirmation of booking a summary invoices, receipts and tickets.
- ii) **Consultative Selling:** It assists the customer/ consumer in the buying decision making process.

Exercise

Describe different type of products available in a retail store.

SESSION-2

TYPES OF PRODUCTS – BASED ON BRANDING

A **brand** is a name, term, design, symbol, or any other feature that identifies one seller's product or service as distinct from those of other sellers

National Brand: The brand name of a product that is distributed nationally under a brand name owned by the producer or distributor is known as national brand. Examples are: Britannia Biscuits, Dalda Ghee, Amul etc.

Regional/Local Brands: Local brands (products distributed only in some areas of the country are known as regional/local brands. Examples are: Cramica, Idiyam Ghee. Local brands may appeal to those consumers who favor small, local producers over large national or global producers, and may be willing to pay a premium to "buy local"

Private Label Brands: Products that carry the brand of the retailer rather than the producer are known as private level brands. Examples are Great Values, George. The private label producer can offer lower prices because they avoid the cost of marketing and advertising to create and protect the brand.

Importance of Branded products

Retail branding has developed to such an extent that, today, retailers are perceived as being brands in themselves rather than as distributors of manufacturer brands. Many retailers have developed such a strong consumer franchise that customers are more loyal to the retailer than they are to the manufacturer's brand. Retailers also create their brand images in different ways, e.g., by attaching unique associations to the quality of their service, their product assortment and merchandising, pricing and credit policy, etc. However, retailer brands are sufficiently different from product brands.

In most consumer industries, the image of retailer brands also depends on the manufacturer brands they carry and the image of those brands. Retailers use manufacturer brands to generate consumer interest and loyalty in a store. Manufacturer brands significant consumer pull, often more than the retailer brand does. To the extent "you are what you sell," manufacturer brands help to create an image and establish a positioning for the store.

Non-Branded Products

Some products are not having any brands. Examples include agricultural products such as vegetables, fruits, cereals, grains, pulses, spices etc. The producers are not putting any brands, but the demand is very high due to the necessity of the products. These products pin point consumer's view and helps in carefully identifying the quality and bargains while buying these products.

Recently a number of companies have successfully pursued "no-brand" strategies by creating packaging that imitates generic brand simplicity. This no-brand strategy means that little is spent on advertisement. In rural areas most of the products are non-branded products marketed in the village markets. Even in cities also vegetables and fruits are selling with simple packaging material in "Reliance Fresh" and other Super Markets.

Activity

Visit a retail store and name at least five branded products and five non branded products

SESSION-3 HANDLING PRODUCTS

INTRODUCTION

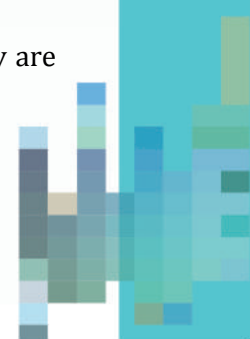
Retail is the sale of goods and services from individuals or businesses to the end user i.e. the consumer. A retailer purchases goods or products in from manufacturers or directly through a wholesaler, and then sells smaller quantities to the consumer for a profit.

Retail is classified by type of products based on the kind of handling required, as follows:



1. **Food products** – e.g., milk, bread, cookies, chocolates, canned food items, cold drinks, vegetables, fruits, milk products, etc.
2. **Hard goods or durable goods**—examples are electrical and electronic appliances, furniture, sport goods, etc.
3. **Soft goods or consumables** - clothing, apparel, and other fabrics.

The good or products have to be handled and displayed by the retailers in a manner that they are not damaged and attract the customer.



Most of the food products are perishable, except canned food as they have greater shelf life and a certain expiry date, and therefore food items have to be handled carefully.

Relevant Knowledge

As the store merchandise sells, workers move new product onto the floor or shelves. Material handling is the moving of materials from one point to another point. Product movement is done so that the shelves are continuously restocked with items. An efficient material handling system is therefore essential for product movement.

Importance of material handling: Material handling is done to transport goods and materials to areas where they are needed. They help keep production flowing. Without proper material handling, there is an increase in delay of supply and the sale slows down.



Methods and equipment: There are many methods used to handle materials. Manual handling activities include carrying and the moving of loads, as well as pushing, pulling, lifting up and putting down. The moving and handling of materials must be done with the proper equipment by experienced and trained staff. Some of the common types of material handling equipment used include cranes, slings, moving trucks, forklifts, pallet jacks, hand dollies, conveyors, trailers, storage bins, pallets, and storage containers.

Safety aspects: Manual handling of containers may expose workers to chemical and physical hazards that can lead to illness, injuries, wasted energy, and wasted time. Using the wrong equipment or letting just anyone try to move and store materials can lead to accidents. Safety is an important aspect of material handling. Equipment that is used must be big enough to safely handle the load being transported. The main risks due to which injuries happen in manual material handling tasks include:

- ★ Awkward postures (e.g., bending, twisting).
- ★ Repetitive motions (e.g., frequent reaching, lifting, carrying).
- ★ Static postures (e.g., maintaining fixed positions for a long time).
- ★ Forceful exertions (e.g., carrying or lifting heavy loads).



To avoid these problems, the capabilities of the workers should be assessed and then the work task should be assigned accordingly. Steps for reducing risk will increase productivity of employee, service quality, and boost the morale of the workers. It will also lower the costs by reducing errors or rejects, less use of medical services and compensation claims, good worker turnover, etc.

Training and experience in handling: Training and experience is necessary in lifting objects and moving materials around a job site. An operator needs to have a working knowledge of how to stack items and where to store them. The materials should not be placed in such a way that customers might run into, trip over, or otherwise hurt themselves. Experienced operators and handlers plan every lift and move. They assess whether their path is free of all obstacles and pedestrians before moving the material. **If line of sight is difficult, then the help of another person or a spotter sought to help guide you through the path.**



When stacking materials for storage, keep in mind such factors as the height and weight of the combined stacks, the condition of the containers, and how accessible the materials are to the business that uses them. Areas should be kept free of scattered materials that may cause someone to trip and fall.

Some of the measures that you can adopt while performing overhead lifting are as follows:

- i) Use a footstool or stepladder to reach objects that are stored on shelves. Avoid asymmetric lifting (twisting). The object to be lifted should be directly in front of the worker.
- ii) Store materials that are frequently used on shelving units no higher than shoulder height.
- iii) Store materials as close to the employee as possible or permitted. This reduces excessive reaching for objects.

Planning goods handling schedule:

- ☆ Alternate heavy tasks with light tasks.
- ☆ Provide variety in jobs to eliminate or reduce repetition (i.e., overuse of the same muscle groups).
- ☆ Adjust work schedules, work pace, or work practices.
- ☆ Allocate recovery time (e.g., short rest breaks).
- ☆ Modify work practices so that workers perform work within their power zone (i.e., above the knees, below the shoulders, and close to the body).
- ☆ Rotate workers through jobs that use different muscles, body parts, or postures.



SESSION-3

HANDLING PRODUCTS

Exercise

Assignment

1. Visit 3 retail stores and observe how employees are handling the products in the store. Use the checklist given below and fill the columns with your observations. You may use additional sheets to fill the information.

a) Name of the Store:

b) Name of the Department:

S. No.	Condition	Task being performed by the employee	Your observations e.g. sign of fatigue, not enjoying the job, less height, work surface too high or low for placing the products, obstructions prevent direct access to points, floor surfaces are uneven, equipment not working properly, unbalanced lifting, etc.
1.	Similar motions every few seconds	e.g., placing products on shelves	
2.	Handling difficult to grasp objects		
3.	Bending		
4.	Handling above the shoulders		
5.	Lifting up		
6.	Lifting to the side		
7.	Jerky movements during handling		

8.	One-handed lifting		
9.	Carrying load		
10.	Handling sharp objects		
11.	Reading barcode		
12.	Moving fingers continuously		

2. Visit 2 retail stores and observe employees working in the cashing section of the store. Use the checklist given below. If the answer to questions is NO, the activity may be a potential source of ergonomic concern, which would however depend on the duration, frequency, and magnitude of the activity.

S. No.	Activity	Yes	No
1.	Are items within easy reach of the cashier		
2.	Is computer keyboard support adjustable		
3.	Can the cashier work with items at about elbow height		
4.	Can the display be read without twisting		
5.	Are all edges smoothed or rounded so the cashier does not come into contact with sharp or hard edges		
6.	Are objects scanned without twisting hand motions		
7.	Can cashiers scan heavy/bulky/awkward items without lifting them		
8.	Is the scanner plate clean and unscratched		
9.	Does the cashier have an anti-fatigue mat and/or footrest		



SESSION-3

HANDLING PRODUCTS

Assessment

1. Material _____ is the moving of materials from one point to another point.
2. Product movement is done so that the shelves are continuously _____ with items.
3. Manual handling of containers may expose workers to chemical and _____ hazards that can lead to illness, injuries, wasted energy, and wasted time.
4. Using the _____ equipment or letting just anyone try to move and store materials can lead to accidents.
5. Safety is an important aspect of material _____.
6. Bending and twisting are examples of _____ posture.
7. Frequent reaching and carrying is an example of _____ motions.
8. Maintaining fixed positions for a long time is an example of _____ posture.
9. Carrying or lifting heavy loads is an example of _____ exertions.
10. The object to be lifted should be directly in _____ of the worker.
11. We should store materials that are frequently used on shelving units no _____ than shoulder height.
12. Materials should be kept as _____ to the employee as possible to reduce excessive reaching for objects.
13. Redesigning tools, equipment and workstations is an example of _____ improvements.
14. Providing variety in jobs to eliminate or reduce repetition and adjusting work schedules of an employee are examples of _____ improvements.

Checklist of Assessment Activity

[illegible]

2. is the study of people and their relationship with the environment around them.
4. is the sale of goods and services from individuals or businesses to the end user i.e. the consumer

DOWN

1. is a window in a shop that displaying items for sale or otherwise designed to attract customers to the store.
3. is done to transport goods and materials to areas where they are needed.

Use the following checklist to see if you've met all the requirements for assessment activity.

Part-A

- a) Differentiate between various methods of handling materials.
- b) Differentiate between various equipments used in handling materials.
- c) Differentiate between engineering and administrative improvements.

Part-B

Discuss the following:

- a) What is material handling?
- b) Why is it important to learn about material handling?
- c) What are the potential risks and hazards at a retail store?

Performance standards

The performance standard covered by the assessment includes the following, but not limited to:

Performance standards	Yes	No
Lift and carry objects safely		
Handle damaged items		