
(vi) Purchasing

In a narrow sense, purchasing is limited to accounting materials from outside sources. But while carrying out this activity, it requires to investigate the reliability of vendors, type of materials needed, co-ordinating material purchase volume with the requirement as per schedule, discovering new material and process. The purchasing function serves the other functional areas, overlap sometimes with inventory control, material inspection, shipping and receiving, sub-contracting and internal transportation.

(b) Functions of production process

Another way to group functions is according to their relative position in a production process. the sequential arrangement is shown in the following

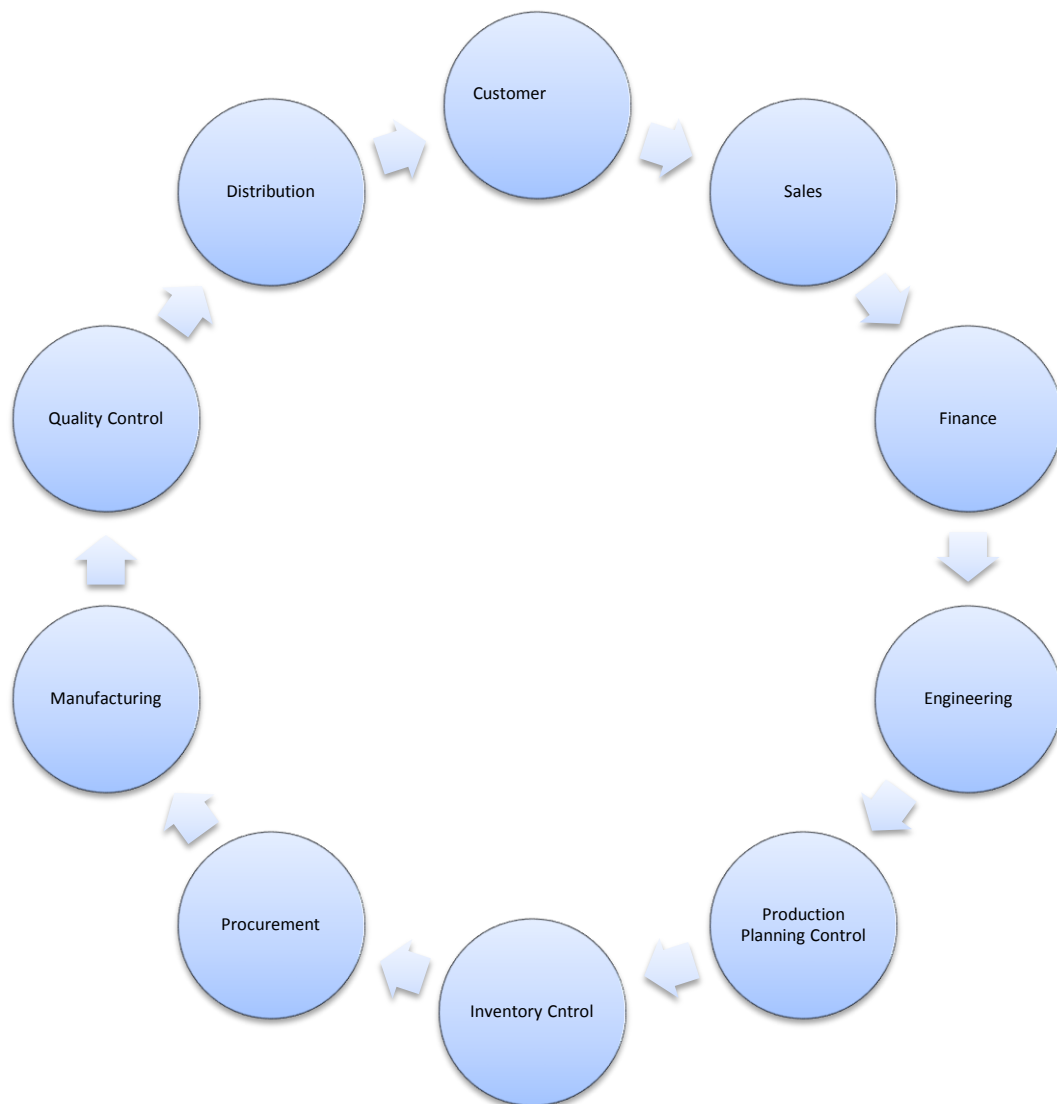


Fig 2.7 functions of production process

2.8 Types of production system:

The production system of a company mainly uses facilities, equipments and operating methods(called the production system) to produce goods that satisfy customers' demand. The above requirements of a production system depend on the type of product that the company offers and the strategy that it employs to serve its customers. The classification of production system is explained in the table.

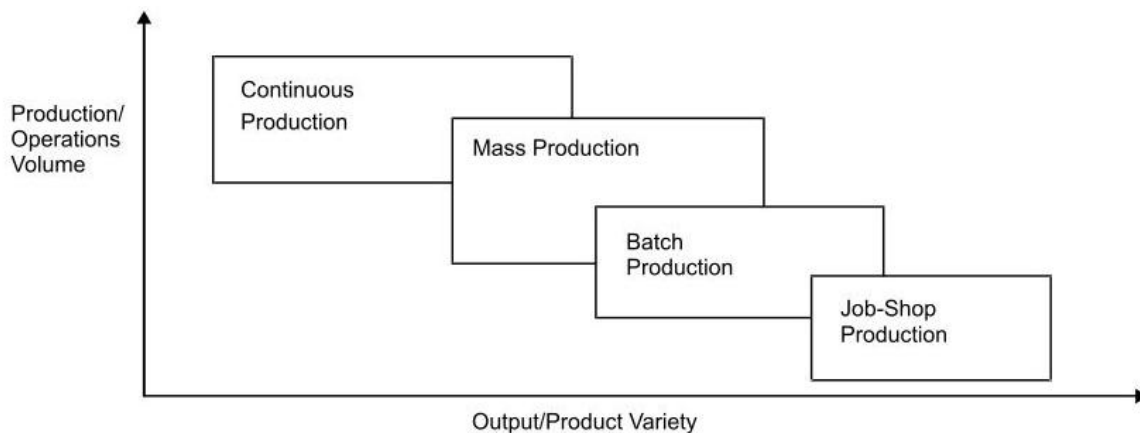


Fig 2.6 Classification of production systems

Job shop production

- Job shop is appropriate for manufactures of small batches of many different products, each of which is custom designed and requires its own unique set of processing steps or routing through production process.
- The production system in which different types of product follow different sequences through different shops. Ex. Furniture manufacturing company, restaurant, prototype industry.
- Much time is spent waiting for access to equipment. Some equipment overloaded.
- A process technology suitable for a variety of custom designed products in some volume.
- This production system adopts process layout as by this production system we manufacture more variety of products at low product volume.

Batch production

- A process technology suitable for variety of products in varying volumes.
- Here limited product variety which is fixed for one batch of product. Ex. Bakery shop, medicine shop.

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- Within the wide range of products in the facility, several are demanded repeatedly and in large volume.
 - This type of production system should be preferred when there is wide variety of products in wide variety of volumes.

Assembly line (mass) Production

- A process technology suitable for a narrow range of standardized products in high volumes.
- The successive units of output undergo the same sequence of operation using specialized equipment usually positioned along a production line.
- The product variety is fixed here. Ex. Assembly of television sets, assembly of auto, assembly of computer keyboard, cold drinks factory etc.

Continuous production

- A process technology suitable for producing a continuous flow of products.
- The product is highly standardized.
- Material and products are produced in continuous, endless flows, rather than in batches or discrete units.
- Continuous flow technology affords high volume, around-the clock operation with capital intensive, specialized automation.

2.9 Dimensions of Product Strategies:

- **Product-Positioning.**
- **Product-Repositioning.**
- **Product-Overlap.**
- **Product Scope.**
- **Product-Design.**
- **Product Elimination.**
- **New Product.**
- **Diversification.**
- **Value-Marketing.**

Product Positioning: The Procedure

1. **Analyze** product attributes that are salient to Customers.
2. **Examine** the distribution of these attributes among different segments.

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3. **Determine** the optimal position for the product in regard to each attribute, taking into consideration the position occupied by existing brands.
 4. Choose an overall position for the product (based on overall match between product attributes and their distribution in the population and the position of existing brands)

Product Positioning Strategy

- **Definition:** Placing a brand in that part of the market where it will have a favorable reception compared with competing brands.
- For Ex The marketers of “Liril” soap wants the people to think “Liril” when they think soap. The marketers of “Colgate” want the consumers to think “Colgate” when they think toothpaste etc.
- **Objective**
 - To position the product in the market so that it stands apart from competing brands. (b) To position the product so that it tells customers what you stand for, what you are, and how you would like customers to evaluate you. In the case of positioning multiple brands:
 - (a) To seek growth by offering varied products in differing segments of the market.
 - (b) To avoid competitive threats to a single brand
- **Requirements:** Use of marketing mix variables, especially design and communication efforts.
 - Successful management of a single brand requires positioning the brand in the market so that it can stand competition from the toughest rival and maintaining its unique position by creating the aura of a distinctive product.
 - Successful management of multiple brands requires careful positioning in the market so that multiple brands do not compete with nor cannibalize each other. Thus it is important to be careful in segmenting the market and to position an individual product as uniquely suited to a particular segment through design and promotion.
 - Expected Results:
 - Short term success
 - Meet as much as possible the needs of specific segments of the market