

## 2. Bundling Strategy is the Best for IT Companies

*Product mix strategy fine tune product bundling to enhance customer value proposition*

Customer satisfaction is more when a company offers its product mix in a bundle such as combining hardware, software and service together as a bundle, according to a study based on 36,000 IT vendors rating. Customer satisfaction was the lowest when customers buy only services independently.

**Product mix** refers to the total number of product lines that a company offers to its customers. For example, a small company may sell multiple lines of products. Sometimes, these product lines are fairly similar, such as dish washing liquid and bar soap, which are used for cleaning and use similar technologies. Other times, the product lines are vastly different, such as diapers and razors.

- The study tells that customers find little meaning in 'services' if not accompanied by hardware and software
- Apple is successful because it combined hardware, software, and services in a bundle while offering products to customers. Apple's holistic strategy is based on diversification into related products
- Google acquired Motorola Mobility with a purpose of bundling phones, tablets and computers to satisfy customers more
- Microsoft is expanding its software domain by integrating with its Surface tablet to offer as a bundle to enhance customer base
- The clients of IT firms display increased levels of satisfaction and higher brand loyalty for future purchase after buying bundles of related products and services
- B2B firms should enrich their portfolio to offer them as bundle to enhance customer satisfaction and loyalty. Acquisitions, mergers and partnerships bring better results if products can be offered as bundle
- Company's shift from one or small number of products to bundle of products may incur switching cost. But long-term revenues outweigh the additional switching costs
- The research advises Microsoft that it should get into manufacturing of hardware such as PCs so as to expand the bundle of products.
- Apple's holistic approach to customer-oriented products can be transferred to B2B companies to offer bundled products to enhance customer satisfaction and loyalty.

Topic	Course
<b>Product mix: Product and product lines:</b> Unit 11.5	Marketing Management

**Source:** Matt, P.(2013), Why the Steve Jobs Approach Pays Off, S+B, Sep 27, 2013