

Chapter

8

# Products, Services, and Brands: Building Customer Value

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Course: Mkt 202

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# Chapter Learning Outcomes

## •Topic Outline

- 8.1** What Is a Product?
- 8.2** Product and Services Decisions
- 8.3** Branding Strategy: Building Strong Brands
- 8.4** Services Marketing

# What Is a Product?

- Products, Services, and Experiences

**Product** is anything that can be offered in a market for attention, acquisition, use, or consumption that might satisfy a need or want.



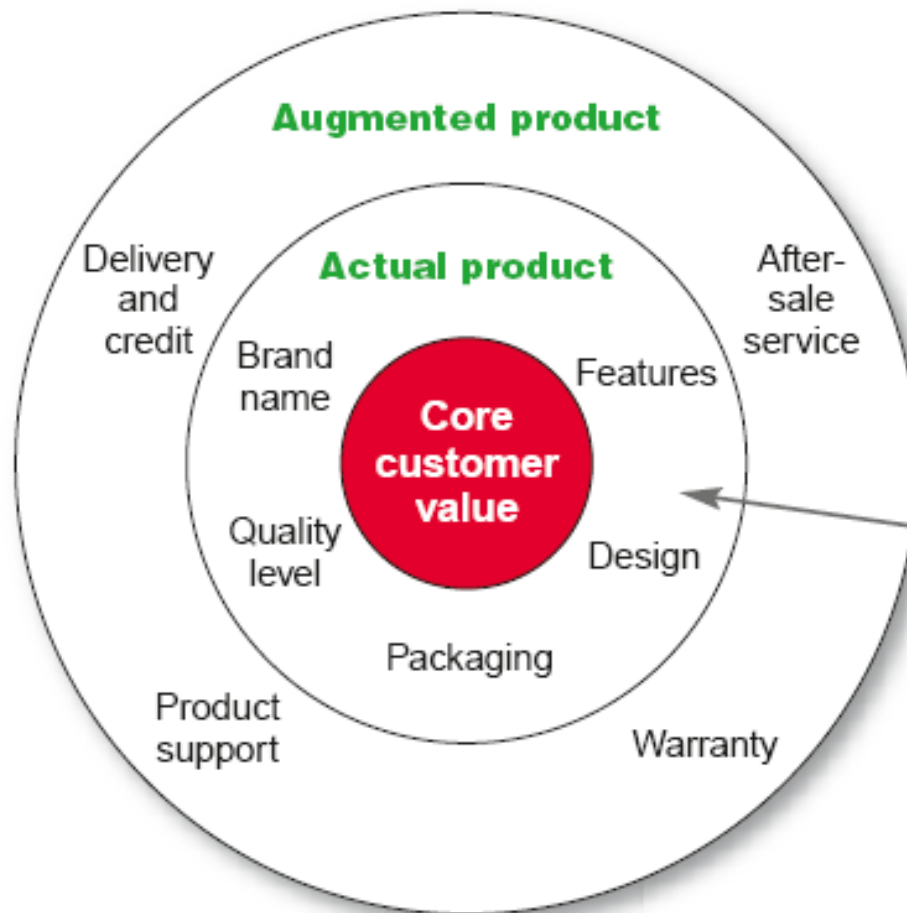
**Service** is any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything.



**Experiences** represent what buying the product or service will do for the customer.

# Levels of Product

FIGURE | 8.1  
Three Levels of Product



At the most basic level, the company asks, "What is the customer really buying?" For example, people who buy a BlackBerry are buying more than a wireless communications device. They are buying freedom and on-the-go connectivity. Each additional product level helps to build this core value.

# Product and Service Classifications

Consumer products

Industrial products

# Product and Service Classifications

■ **Consumer products** are products and services for personal consumption.

■ **Classifications:**

- Convenience products
- Shopping products
- Specialty products
- Unsought products



A Max India and MS Joint Venture

# Consumer products

**Convenience products** are consumer products and services that the customer usually buys frequently, immediately, and with a minimum comparison and buying effort.

- Newspapers
- Candy
- Fast food



# Consumer products

**Shopping products** are consumer products and services that the customer compares carefully on suitability, quality, price, and style.

- Furniture
- Used cars
- Appliances





# Consumer products

**Specialty products** are consumer products and services with unique characteristics or brand identification for which a significant group of buyers is willing to make a special purchase effort.

- Specialist medical services
- Designer clothes
- High-end electronics
- Expensive cars



# Consumer products

**Unsought products** are consumer products that the consumer does not know about or knows about but does not normally think of buying.

- Life insurance
- Pre-purchased funeral services
- Blood donations



## Life Insurance

In case you can't be there to catch them,  
make sure you leave a safety net.  
Ch 8 -10 Copyright © 2011 Pearson Education



## Type of Consumer Product

Marketing Considerations	Convenience	Shopping	Specialty	Unsought
Customer buying behavior	Frequent purchase; little planning, little comparison or shopping effort; low customer involvement	Less frequent purchase; much planning and shopping effort; comparison of brands on price, quality, and style	Strong brand preference and loyalty; special purchase effort; little comparison of brands; low price sensitivity	Little product awareness; knowledge (or, if aware, little or even negative interest)
Price	Low price	Higher price	High price	Varies
Distribution	Widespread distribution; convenient locations	Selective distribution in fewer outlets	Exclusive distribution in only one or a few outlets per market area	Varies
Promotion	Mass promotion by the producer	Advertising and personal selling by both the producer and resellers	More carefully targeted promotion by both the producer and resellers	Aggressive advertising and personal selling by the producer and resellers
Examples	Toothpaste, magazines, and laundry detergent	Major appliances, televisions, furniture, and clothing	Luxury goods, such as Rolex watches or fine crystal	Life insurance and Red Cross blood donations

# Product and Service Classifications

■ **Industrial products** are products purchased for further processing or for use in conducting a business.

■ **Classification:**

- Materials and parts
- Capital
- Supplies and services



# Industrial products

**Capital items** are industrial products that aid in the buyer's production or operations.

- Building: factories, offices
- Fixed equipment: generators, elevators



# Industrial products

**Materials and parts** include raw materials and manufactured materials and component parts usually sold directly to industrial users.

- Raw material: fruits, vegetables, cotton
- Manufactured material: iron, yarn, cement
- Component parts: small motors, tires



# Industrial products

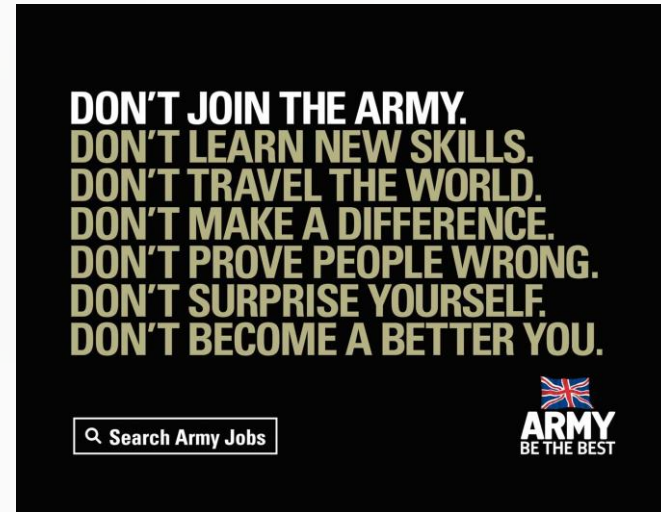
- **Supplies and services** Supplies are the convenience products of the industrial field because they are usually purchased with a minimum of effort or comparison.
  - Operating supplies: lubricants, coal, paper, pencil
  - Repair and maintenance items: paint, nails
  - Business services:
    - Maintenance and repair services: window cleaning, computer repair
    - Business advisory services: advertising, legal consulting



# Organizations, Persons, Places, and Ideas

**Organization marketing** consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward an organization.

**Person marketing** consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward particular people.

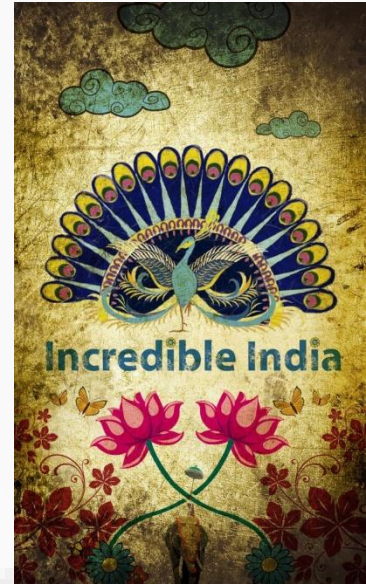




# Organizations, Persons, Places, and Ideas

**Place marketing** consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward particular places.

**Social marketing** is the use of commercial marketing concepts and tools in programs designed to influence individuals' behavior to improve their well-being and that of society.



# Product and Service Decisions

**FIGURE | 8.2**  
Individual Product Decisions



# Product and Service Attributes

**Product attributes** are the benefits of the product or service.

- Quality
- Features
- Style and design

We've remodeled the most important parts of your kitchen.



We've remodeled the peeler. We've remodeled the garlic press, the can



opener and the wooden spoon. And we didn't stop there. Any kitchen tools that weren't comfortable or easy to use were fair game. The idea isn't to make the old tools



obsolete, it's to make them better. If we can't make them better, we don't make them at all. Pick up

OXO Good Grips® and you'll feel

what we mean. They're easy to hold, easy to use and easy to love. In fact, they might just change the way you feel about your kitchen.



**OXO GOODGRIPS**

For information call 1-800-545-4411

# Branding

**Brand** is the name, term, sign, or design—or a combination of these—that identifies the maker or seller of a product or service.

**Brand equity** is the differential effect that the brand name has on customer response to the product and its marketing.

# Packaging and Labeling

**Packaging** involves designing and producing the container or wrapper for a product.

**Labels** identify the product or brand, describe attributes, and provide promotion.

Better packaging: Amazon.com recently launched a multiyear initiative to create “frustration-free packaging” and eliminate “wrap rage.”

amazon.com

Dear Customers,

“[Wrap rage](#)” describes the frustration we humans feel when trying to free a product from a nearly impenetrable package.

Some products are hermetically sealed inside plastic clamshell cases, while others (especially toys) use plastic-coated steel-wire ties. Without the right tools, wire ties can be painful and time-consuming to untwist.

Today, we’re excited to announce the beginning of a multi-year initiative designed to alleviate wrap rage – Amazon “Frustration-Free Packaging.”

Amazon is working with leading manufacturers to deliver products inside smaller, easy-to-open, recyclable cardboard boxes with less packaging material (and no frustrating plastic clamshells or wire ties).



Victim of wrap rage



Clamshell case



Steel-wire ties

One of the first products to launch with Frustration-Free Packaging is the [Fisher-Price Imaginext Adventures Pirate Ship](#), which is now delivered in an easy-to-open, recyclable cardboard box.

The new packaging eliminates:



# Product Line Decisions

**Product line** is a group of products that are closely related because they function in a similar manner, are sold to the same customer groups, are marketed through the same types of outlets, or fall within given price ranges.



# Product Line Decisions

- **Product line length** is the number of items in the product line.
- **Product line filling** occurs when companies add more items within the present range of the line.
- **Product line stretching**
  - Downward stretching
  - Upward stretching
  - Both directions

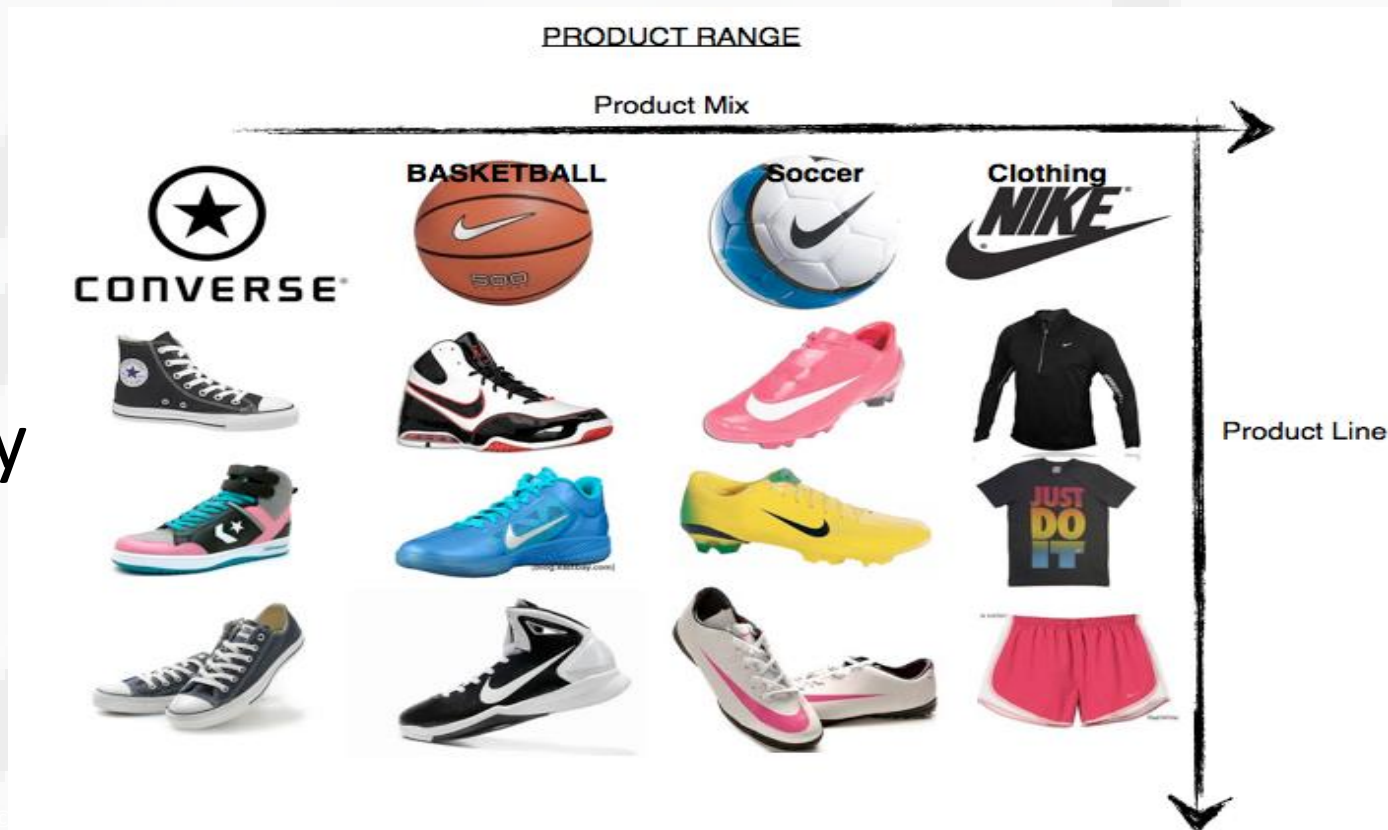


● Product line stretching: Marriott offers a full line of hotel brands—each aimed at a different target market.

# Product Mix Decisions

**Product mix** consists of all the products and items that a particular seller offers for sale.

- Width
- Length
- Depth
- Consistency





# Branding Strategy: Building Strong Brands

**Brand equity** is the differential effect that knowing the brand name has on customer response to the product and its marketing.

It's a measure of the brand's ability to capture consumer preference and loyalty.

# Branding Strategy: Building Strong Brands



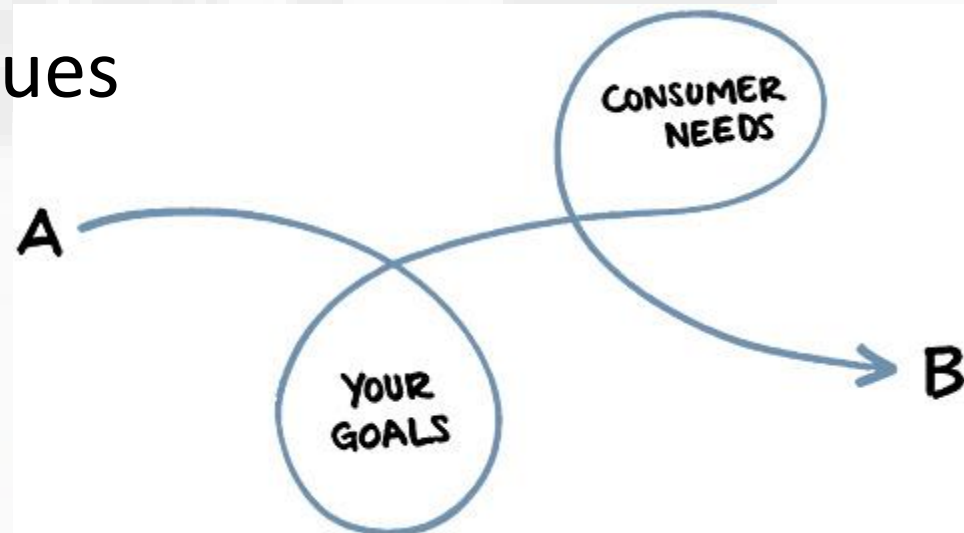
**FIGURE | 8.3** Major Brand Strategy Decisions

# Branding Strategy: Building Strong Brands

## Brand Positioning

Marketers need to position their brands clearly in target customer's minds.

- Product attributes
- Product benefits
- Product beliefs and values



# Branding Strategy: Building Strong Brands

## Brand Name Selection

### Desirable qualities

- Suggest benefits and qualities
- Easy to pronounce, recognize, and remember
- Distinctive
- Extendable
- Translate easy into foreign languages
- Capable of registration and legal protection



# Branding Strategy: Building Strong Brands

- **Brand Sponsorship**

**Manufacturer's  
brand**

**Private brand**

**Licensed brand**

**Co-brand**

# Branding Strategy: Building Strong Brands

		Product category	
		Existing	New
Brand name	Existing	Line extension	Brand extension
	New	Multibrands	New brands

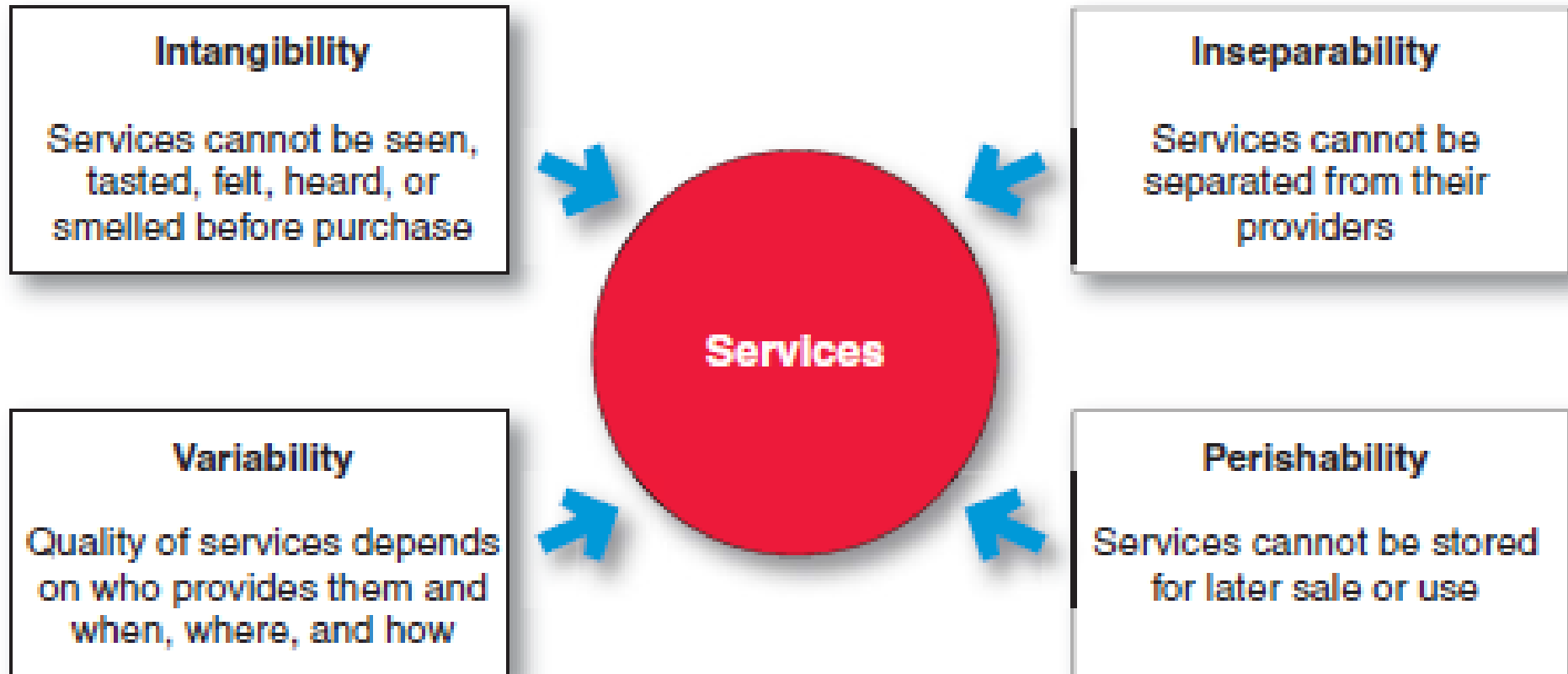
# Branding Strategy

## Managing Brands

- Companies must manage their brands carefully.
- Companies must put great care into managing the touch points that customers come to know their brand through:
  - Advertising
  - personal experience with the brand
  - word of mouth
  - company web pages



# Services Marketing





# Marketing Strategies for Service Firms

In addition to traditional marketing strategies, service firms often require additional strategies.

- Service-profit chain
- Internal marketing
- Interactive marketing

# Marketing Strategies for Service Firms

**1. Service-profit chain** links service firm profits with employee and customer satisfaction.

- Internal service quality
- Satisfied and productive service employees
- Greater service value
- Satisfied and loyal customers
- Healthy service profits and growth



**Zappos.com knows that happy customers begin with happy, dedicated, and “perpetually chipper” employees**

# Marketing Strategies for Service Firms

**2. Internal marketing** means that the service firm must orient and motivate its customer contact employees and supporting service people to work as a team to provide customer satisfaction.



**FOUR SEASONS**  
*Hotels and Resorts*

Four Seasons Hotels and Resorts starts by hiring the right people and carefully orienting and inspiring them to give unparalleled customer service

# Marketing Strategies for Service Firms

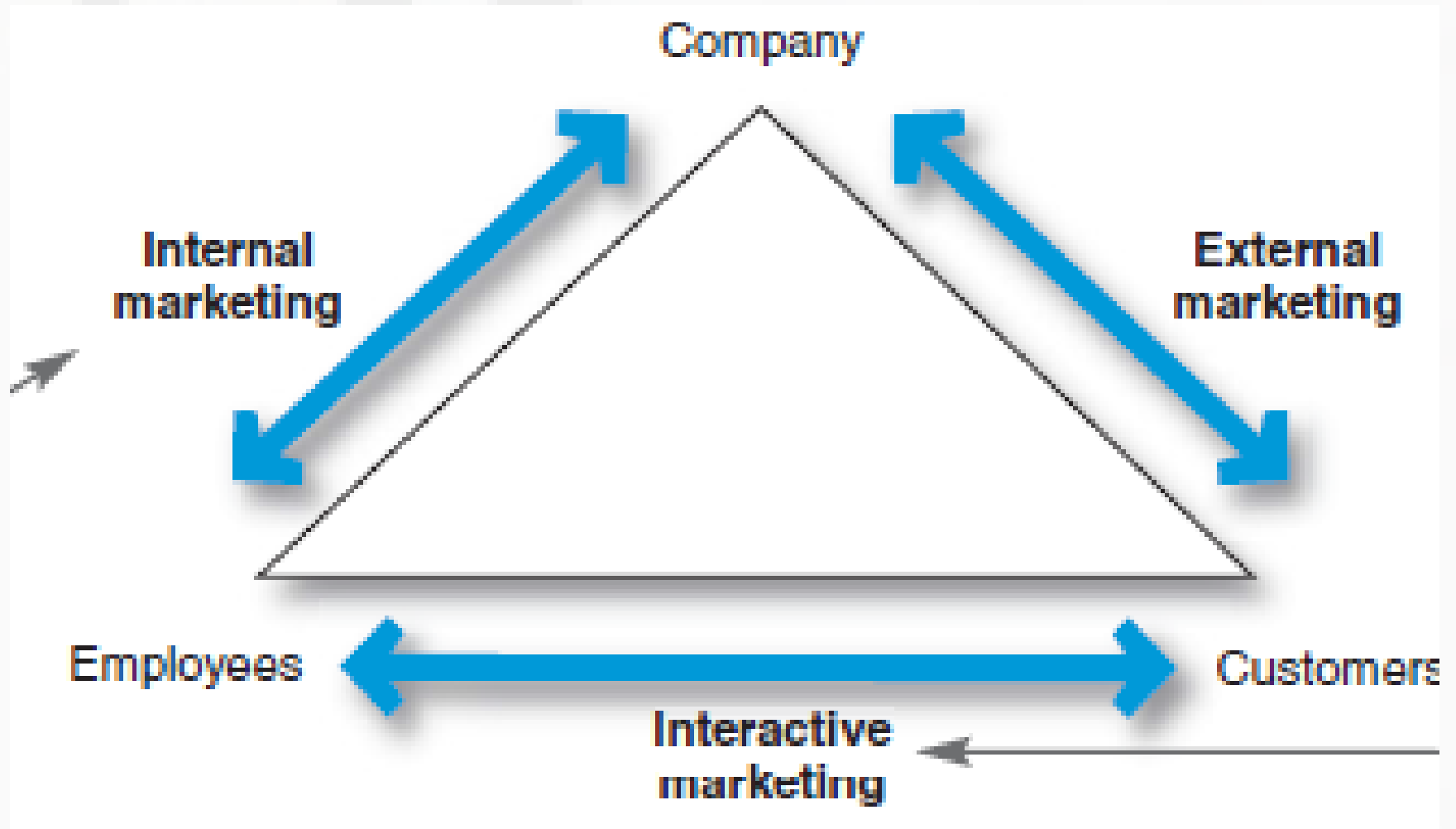
**3. Interactive marketing** means that service quality depends heavily on the quality of the buyer-seller interaction during the service encounter.

- Service differentiation
- Service quality
- Service productivity



**Service differentiation: PetSmart differentiates itself by offering a PetsHotel with a Doggie Day Camp.**

# Three Types of Service Marketing



# Marketing Strategies for Service Firms

**Managing service differentiation** creates a competitive advantage from the offer, delivery, and image of the service.

- **Offer** can include distinctive features.
- **Delivery** can include more able and reliable customer contact people, environment, or process.
- **Image** can include symbols and branding.



# Marketing Strategies for Service Firms

**Managing service quality** provides a competitive advantage by delivering consistently higher quality than its competitors.

Service quality always varies depending on interactions between employees and customers.

QUALITY + SERVICE

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# Marketing Strategies for Service Firms

**Managing service productivity** refers to the cost side of marketing strategies for service firms.

- Employee recruiting, hiring, and training strategies
- Service quantity and quality strategies

