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 no result in the ownership of anything.

**Experiences** represent what buying the product or service will do for the customer.
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
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
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
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
<table>
<thead>
<tr>
<th>Marketing Considerations</th>
<th>Convenience</th>
<th>Shopping</th>
<th>Specialty</th>
<th>Unsought</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer buying behavior</td>
<td>Frequent purchase; little planning, little comparison or shopping effort; low customer involvement</td>
<td>Less frequent purchase; much planning and shopping effort; comparison of brands on price, quality, and style</td>
<td>Strong brand preference and loyalty; special purchase effort; little comparison of brands; low price sensitivity</td>
<td>Little product awareness; knowledge (or, if aware, little or even negative interest)</td>
</tr>
<tr>
<td>Price</td>
<td>Low price</td>
<td>Higher price</td>
<td>High price</td>
<td>Varies</td>
</tr>
<tr>
<td>Distribution</td>
<td>Widespread distribution; convenient locations</td>
<td>Selective distribution in fewer outlets</td>
<td>Exclusive distribution in only one or a few outlets per market area</td>
<td>Varies</td>
</tr>
<tr>
<td>Promotion</td>
<td>Mass promotion by the producer</td>
<td>Advertising and personal selling by both the producer and resellers</td>
<td>More carefully targeted promotion by both the producer and resellers</td>
<td>Aggressive advertising and personal selling by the producer and resellers</td>
</tr>
<tr>
<td>Examples</td>
<td>Toothpaste, magazines, and laundry detergent</td>
<td>Major appliances, televisions, furniture, and clothing</td>
<td>Luxury goods, such as Rolex watches or fine crystal</td>
<td>Life insurance and Red Cross blood donations</td>
</tr>
</tbody>
</table>
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
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
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.
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 attributes
- Branding
- Packaging
- Labeling
- Product support services
Product and Service Attributes

Product attributes are the benefits of the product or service.

• Quality
• Features
• Style and design
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.”
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 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

<table>
<thead>
<tr>
<th>Brand positioning</th>
<th>Brand name selection</th>
<th>Brand sponsorship</th>
<th>Brand development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attributes</td>
<td>Selection</td>
<td>Manufacturer’s brand</td>
<td>Line extensions</td>
</tr>
<tr>
<td>Benefits</td>
<td>Protection</td>
<td>Private brand</td>
<td>Brand extensions</td>
</tr>
<tr>
<td>Beliefs and values</td>
<td></td>
<td>Licensing</td>
<td>Multibrands</td>
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<tr>
<td></td>
<td></td>
<td>Co-branding</td>
<td>New brands</td>
</tr>
</tbody>
</table>
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
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

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>New</th>
</tr>
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<tbody>
<tr>
<td>Existing</td>
<td>Line extension</td>
<td>Brand extension</td>
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<tr>
<td>New</td>
<td>Multibrands</td>
<td>New brands</td>
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</table>

**Legend:**
- **Existing Line Extension:** Expanding a current product line under an existing brand.
- **Brand Extension:** Extending an existing brand into a new product category.
- **Multibrands:** Introducing multiple new brands.
- **New Brands:** Launching a brand in a new product category.
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

**Intangibility**
Services cannot be seen, tasted, felt, heard, or smelled before purchase

**Inseparability**
Services cannot be separated from their providers

**Variability**
Quality of services depends on who provides them and when, where, and how

**Perishability**
Services cannot be stored for later sale or use
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.
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 starts by hiring the right people and carefully orienting and inspiring them to give unparalleled customer service.
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

- Internal marketing
- External marketing
- Interactive marketing
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.
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.
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