

Product, Services, and Branding Strategies

Chapter 9

Objectives

- Be able to define *product* and know the major classifications of products and services.
- Understand the decisions companies make regarding their individual products and services, product lines, and product mixes.

Objectives

- Understand how firms build and manage their brands.
- Know the four characteristics of services and the additional marketing considerations that services require.
- Review additional product issues related to social responsibility and international marketing.

Case Study

The Cosmetics Industry

- **Cosmetics companies sell billions of dollars worth of products**
- **Consumers buy more than just a particular smell**
- **The “promise”, image, company, name, package, and ingredients are all part of the product, as are the stores where it is sold.**

Definitions

- **Product**
 - Anything offered to a market for attention, acquisition, use, or consumption that might satisfy a need or want.
- **Service**
 - Any activity or benefit that one party can offer to another that is essentially intangible and does not result in ownership of anything.

What is a Product?

- **Products, Services, and Experiences**
 - Market offerings, pure tangible goods, pure services, experiences
- **Levels of Product and Services**
 - Core benefit, actual product, and augmented product
- **Product and Service Classifications**

What is a Product?

Types of Consumer Products

- *Convenience*
 - *Shopping*
 - *Specialty*
 - *Unsought*
- Frequent purchases bought with minimal buying effort and little comparison shopping
 - Low price
 - Widespread distribution
 - Mass promotion by producer

What is a Product?

Types of Consumer Products

- *Convenience*
 - *Shopping*
 - *Specialty*
 - *Unsought*
- Less frequent purchases requiring more shopping effort and price, quality, and style comparisons.
 - Higher than convenience good pricing
 - Selective distribution in fewer outlets
 - Advertising and personal selling by producer and reseller

What is a Product?

Types of Consumer Products

- *Convenience*
 - *Shopping*
 - *Specialty*
 - *Unsought*
- Strong brand preference and loyalty, requires special purchase effort, little brand comparisons, and low price sensitivity
 - High price
 - Exclusive distribution
 - Carefully targeted promotion by producers and resellers

What is a Product?

Types of Consumer Products

- *Convenience*
 - *Shopping*
 - *Specialty*
 - *Unsought*
- Little product awareness and knowledge (or if aware, sometimes negative interest)
 - Pricing varies
 - Distribution varies
 - Aggressive advertising and personal selling by producers and resellers

What is a Product?

- **Product and Service Classifications**
 - Consumer products
 - Industrial products
 - ❖ *Materials and parts*
 - ❖ *Capital items*
 - ❖ *Supplies and services*

What is a Product?

- **Product and Service Classifications**
 - Organizations, persons, places, and ideas
 - ❖ *Organizational marketing makes use of corporate image advertising*
 - ❖ *Person marketing applies to political candidates, entertainment sports figures, and professionals*
 - ❖ *Place marketing relates to tourism*
 - ❖ *Social marketing campaigns promote ideas*

Product and Service Decisions

Key Decisions

- *Individual Product*
 - *Product Line*
 - *Product Mix*
- **Product attributes**
 - Quality, features, style and design
 - **Branding**
 - **Packaging**
 - **Labeling**
 - **Product support services**

Product and Service Decisions

Key Decisions

- *Individual Product*
 - *Product Line*
 - *Product Mix*
- **Product line length**
 - **Line stretching:** adding products that are higher or lower priced than the existing line
 - **Line filling:** adding more items within the present price range

Product and Service Decisions

Key Decisions

- *Individual Product*
 - *Product Line*
 - *Product Mix*
- **Product line width:**
 - number of different product lines carried by company
 - **Product line depth:**
 - Number of different versions of each product in the line
 - **Product line consistency**

Branding Strategy

- Brands are powerful assets that must be carefully developed / managed.
- Brands with strong equity have many competitive advantages:
 - High consumer awareness
 - Strong brand loyalty
 - Helps when introducing new products
 - Less susceptible to price competition

Brand Strategy

Key Decisions

- *Brand Positioning*
 - *Brand Name Selection*
 - *Brand Sponsorship*
 - *Brand Development*
- **Three levels of positioning:**
 - Product attributes
 - ❖ *Least effective*
 - Benefits
 - Beliefs and values
 - ❖ *Taps into emotions*

Brand Strategy

Key Decisions

- *Brand Positioning*
 - **Brand Name Selection**
 - *Brand Sponsorship*
 - *Brand Development*
- **Good Brand Names:**
 - Suggest something about the product or its benefits
 - Are easy to say, recognize and remember
 - Are distinctive
 - Are extendable
 - Translate well into other languages
 - Can be registered and legally protected

Brand Strategy

Key Decisions

- *Brand Positioning*
 - *Brand Name Selection*
 - ***Brand Sponsorship***
 - *Brand Development*
- **Manufacturer brands**
 - **Private (store) brands**
 - Costly to establish and promote
 - Higher profit margins
 - **Licensed brands**
 - Name and character licensing has grown
 - **Co-branding**
 - Advantages / disadvantages

Brand Strategy

Key Decisions

- *Brand Positioning*
 - *Brand Name Selection*
 - *Brand Sponsorship*
 - ***Brand Development***
- **Line extensions**
 - Minor changes to existing products
 - **Brand extensions**
 - Successful brand names help introduce new products
 - **Multibrands**
 - Multiple product entries in a product category
 - **New brands**
 - New product category

Brand Strategy

Line Extensions May Feature Different:

- Flavors
- Colors
- Forms
- Ingredients
- Package Sizes

Services Marketing

- **Services**
 - Account for 74% of U.S. gross domestic product.
 - Service industries include business organizations, government, and private not-for-profit organizations.

Services Marketing

- **Characteristics of Services**
 - **Intangibility**
 - ❖ *Consumers look for service quality signals*
 - **Inseparability**
 - ❖ *Services can't be separated from providers*
 - **Variability**
 - ❖ *Employees and other factors result in variability*
 - **Perishability**
 - ❖ *Services can't be inventoried for later sale*

Services Marketing

- **Service Firm Marketing Strategies**
 - **The Service-Profit Chain**
 - ❖ *Internal Marketing*
 - ❖ *Interactive Marketing*
 - **Managing Service Differentiation**
 - **Managing Service Quality**
 - **Managing Service Productivity**

Additional Product Considerations

- **Product Decisions and Social Responsibility**
 - Acquisitions and mergers
 - Legal compliance
 - Product liability issues
 - Warranties

Additional Product Considerations

- **International Product and Services Marketing**
 - **Special challenges:**
 - ❖ *Which products should be marketed internationally?*
 - ❖ *Should the products be standardized or adapted for world markets?*
 - ❖ *How should packaging be adapted?*
 - ❖ *How can other barriers be overcome?*