

*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.

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

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?

Keywords

- | | |
|-----------------------|---------------------|
| • Product | • Capital items |
| • Service | • Supplies |
| • Core benefit | • Product Line |
| • Actual Product | • Product Mix |
| • Augmented product | • Brand Positioning |
| • Convenience | • Line extensions |
| • Shopping | • Private brands |
| • Specialty | • Intangibility |
| • Unsought | • Inseparability |
| • Materials and parts | • Variability |
| | • Perishability |