

P R I N C I P L E S O F
Marketing

Chapter Eight

Product, Services, and Brands: Building Customer Value



Product, Services, and Branding Strategy

Topic Outline

- What Is a Product?
- Product and Services Decisions
- Branding Strategy: Building Strong Brands
- Services Marketing



What Is a Product?

Products, Services, and Experiences

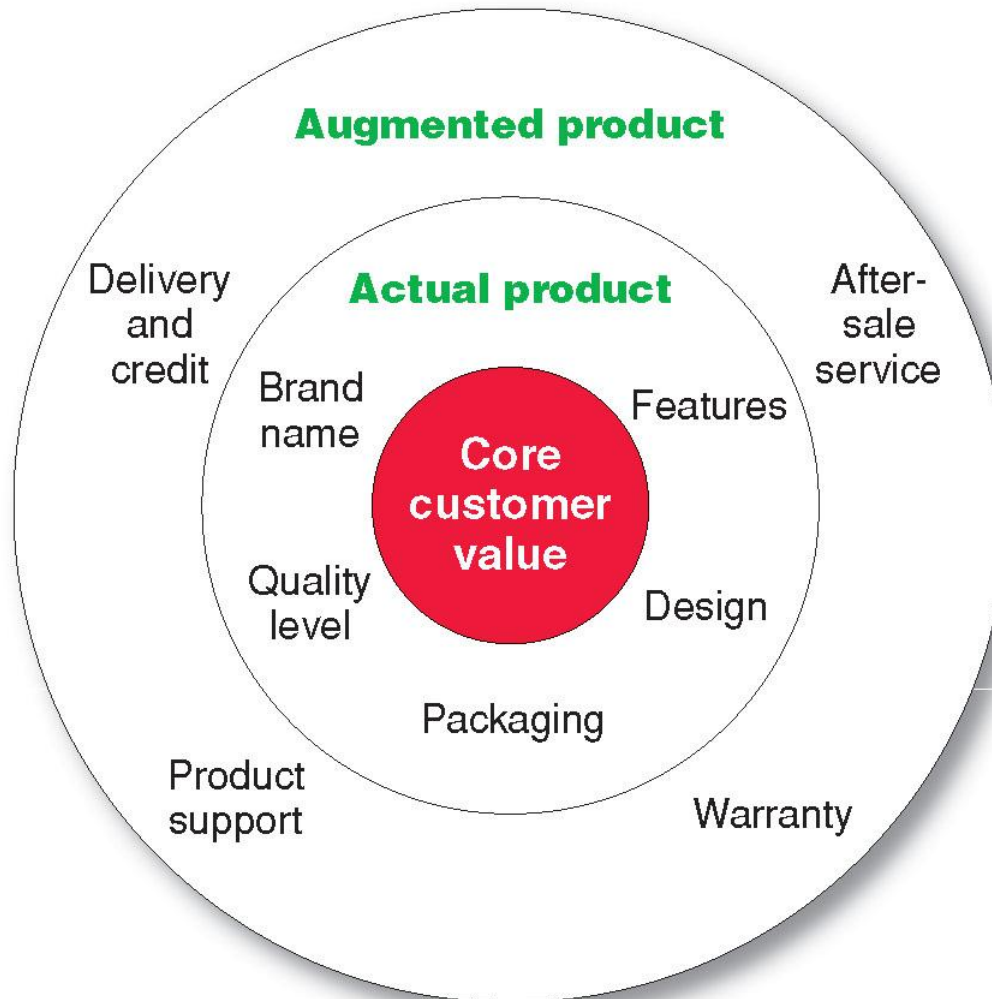
Product is anything that can be offered in a market for attention, acquisition, use, or consumption that might satisfy a need or want

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



What Is a Product?

Levels of Product and Services

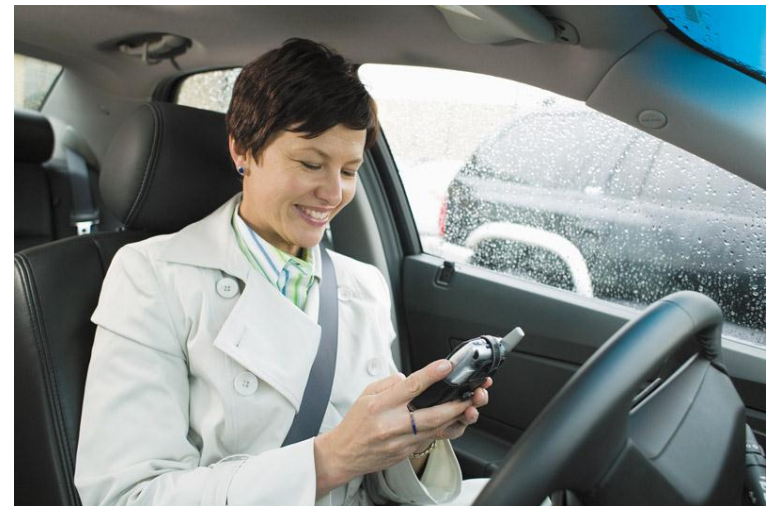


What Is a Product?

Product and Service Classifications

Consumer
products

Industrial
products



PRINCIPLES OF
Marketing



What Is a Product?

Product and Service Classifications

- Consumer products are products and services for personal consumption
- Classified by how consumers buy them
 - Convenience products
 - Shopping products
 - Specialty products
 - Unsought products



What Is a Product?

Product and Service Classifications

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



What Is a Product?

Product and Service Classifications

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

- Furniture
- Cars
- Appliances



What Is a Product?

Product and Service Classifications

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

- Medical services
- Designer clothes
- High-end electronics



What Is a Product?

Product and Service Classifications

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

- Life insurance
- Funeral services
- Blood donations



What Is a Product?

Product and Service Classifications

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

- Classified by the purpose for which the product is purchased
 - Materials and parts
 - Capital
 - Raw materials



What Is a Product?

Product and Service Classifications

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

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

Supplies and services include operating supplies, repair and maintenance items, and business services



What Is a Product?

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



What Is a Product?

Organizations, Persons, Places, and Ideas

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



What Is a Product

Organizations, Persons, Places, and Ideas

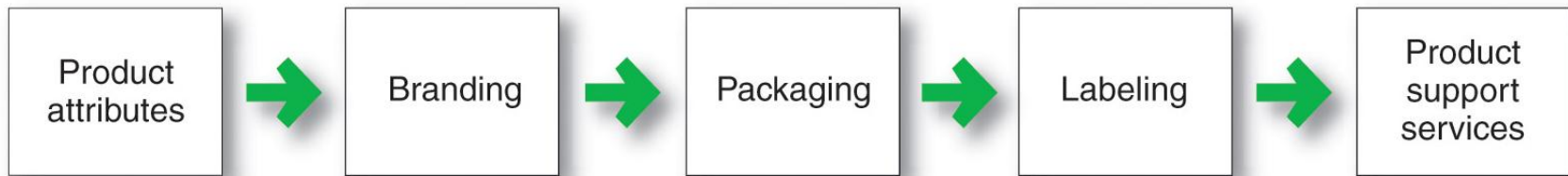
Place marketing consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward particular places

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

Individual Product and Service Decisions



Product and Service Decisions

Individual Product and Service Decisions

Product attributes are the benefits of the product or service

- Quality
- Features
- Style and design



Product and Service Decisions

Individual Product and Service Decisions

Product quality includes level and consistency

- **Quality level** is the level of quality that supports the product's positioning
- **Conformance quality** is the product's freedom from defects and consistency in delivering a targeted level of performance



Product and Service Decisions

Individual Product and Service Decisions

Product features are a competitive tool for differentiating a product from competitors' products

Product features are assessed based on the value to the customer versus the cost to the company



Product and Service Decisions

Individual Product and Service Decisions

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 1-800-545-6111

Style describes the appearance of the product

Design contributes to a product's usefulness as well as to its looks



Product and Service Decisions

Individual Product and Service Decisions

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



Product and Service Decisions

Individual Product and Service Decisions



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

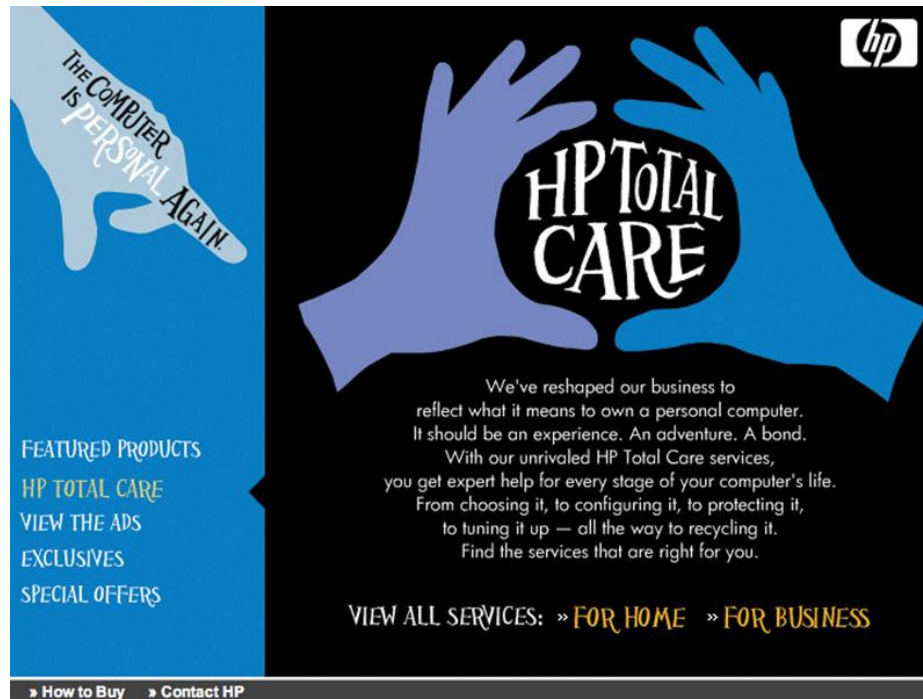
Labels identify the product or brand, describe attributes, and provide promotion



Product and Service Decisions

Individual Product and Service Decisions

Product support services augment actual products



The advertisement features a blue and black color scheme. On the left, a blue vertical bar contains the text 'The COMPUTER IS PERSONAL AGAIN.' written diagonally. Below this, a list of links is provided: 'FEATURED PRODUCTS', 'HP TOTAL CARE', 'VIEW THE ADS', 'EXCLUSIVES', and 'SPECIAL OFFERS'. At the bottom of this bar are the links '» How to Buy' and '» Contact HP'. The main black area shows two hands, one light blue and one dark blue, cupping the text 'HP TOTAL CARE'. The HP logo is in the top right corner. A paragraph of text describes the service: 'We've reshaped our business to reflect what it means to own a personal computer. It should be an experience. An adventure. A bond. With our unrivaled HP Total Care services, you get expert help for every stage of your computer's life. From choosing it, to configuring it, to protecting it, to tuning it up — all the way to recycling it. Find the services that are right for you.' Below this is the link 'VIEW ALL SERVICES: » FOR HOME » FOR BUSINESS'.



Product and Service Decisions

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 and Service Decisions

Product Line Decisions

Product line length is the number of items in the product line

- Line stretching
- Line filling



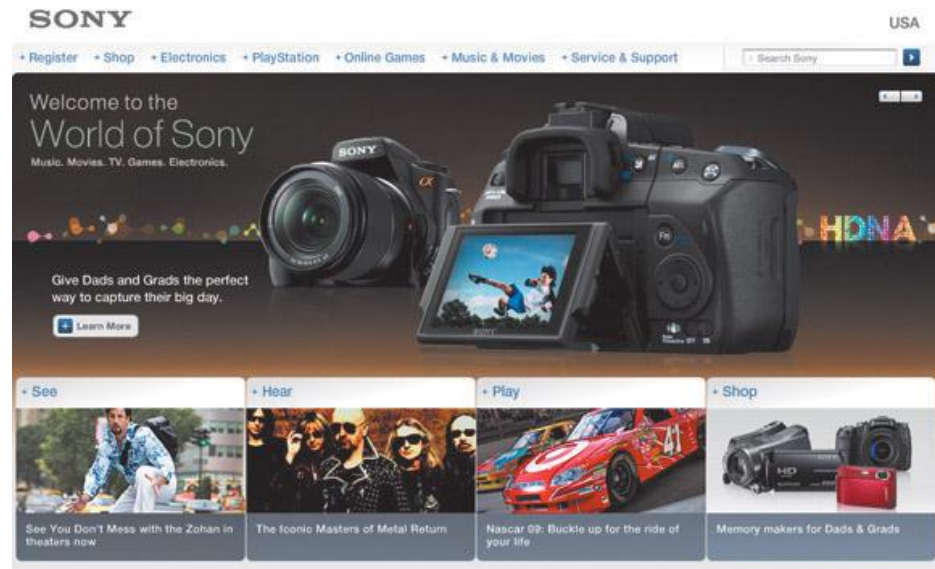
Product and Service Decisions



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 represents the consumer's perceptions and feelings about a product and its performance. It is the company's promise to deliver a specific set of features, benefits, services, and experiences consistently to the buyers



Branding Strategy: Building Strong Brands

Brand Positioning



Brand strategy decisions include:

- Product attributes
- Product benefits
- Product beliefs and values



Branding Strategy: Building Strong Brands

Brand Name Selection

Desirable qualities

1. Suggest benefits and qualities
2. Easy to pronounce, recognize, and remember
3. Distinctive
4. Extendable
5. Translatable for the global economy
6. 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

Brand Development Strategies

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



Services Marketing

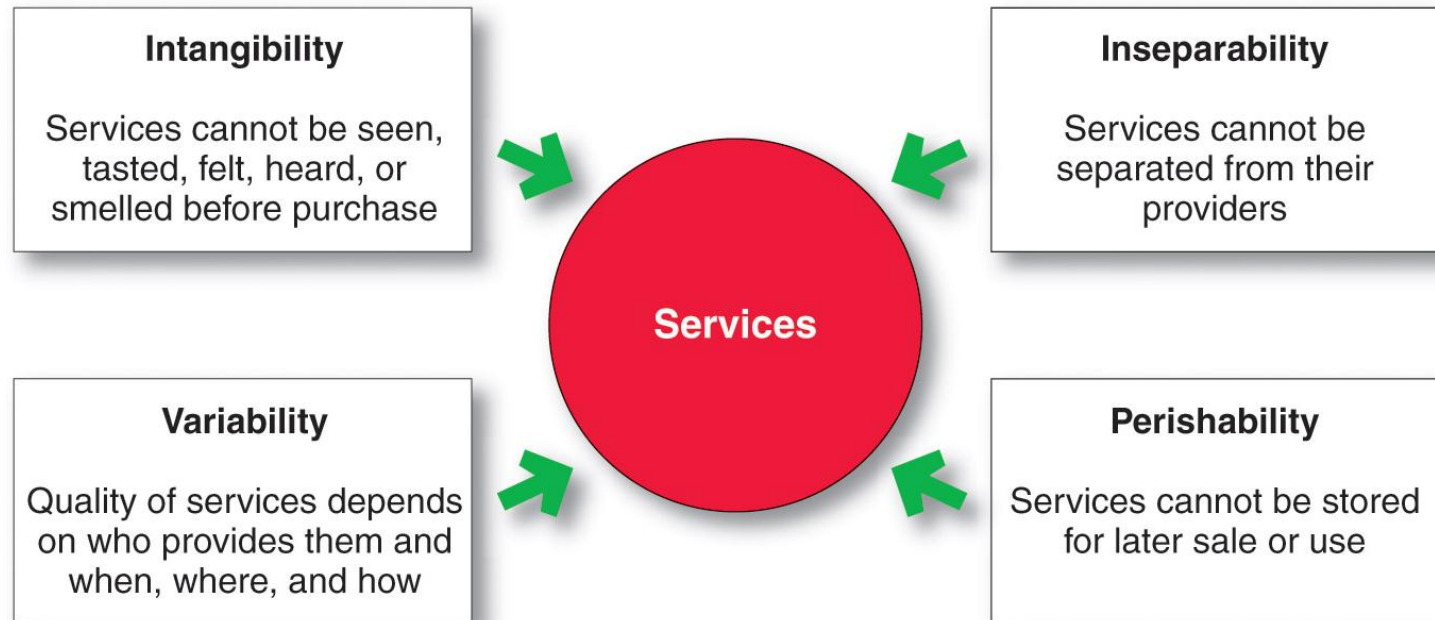
Types of Service Industries

- Government
- Private not-for-profit organizations
- Business services



Services Marketing

Nature and Characteristics of a Service



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



Services Marketing

Marketing Strategies for Service Firms

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



Services Marketing

Marketing Strategies for Service Firms

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

Internal marketing must precede external marketing



Services Marketing

Marketing Strategies for Service Firms

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



Services 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



Services Marketing

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



Services Marketing

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





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