Chapter Eight

Product, Services, and Brands: Building Customer Value

Product, Services, and Branding Strategy

Topic Outline

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

Products, Services, and Experiences

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

**Service** is a product that consists of activities, benefits or satisfaction that is essentially intangible and does not result in the ownership of anything.

**Experiences**; re-forming the traditional goods and services to create experiences.

**Organizations**; e.g. Firms, University, College, schools, Masjids, museums, 

**Persons**; e.g. Company Managers, Political candidates, lawyers, doctors, suppliers, 

**Places**; e.g. tourist places and cities 

**Ideas**; e.g. Plan, design, scheme, project, suggestion, aim, intentions, objectives, purpose, goal, targets

Example: our idea is to open a new shopping mall.
What Is a Product?

Levels of Product and Services

- Core customer value
- Features
- Design
- Packaging
- Warranty
- After-sale service
- Brand name
- Quality level
- Product support
- Delivery and credit

Augmented product

What Is a Product?

Product and Service Classifications

- Consumer products
- Industrial products
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

Convenience products

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
consumer products and services that the customer compares carefully on suitability, quality, price, and style
- Furniture
- Cars
- Appliances

Specialty products
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 (e.g. expensive computer machines)
What Is a Product?

Product and Service Classifications

Unsought products
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

Industrial products
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.

Or

Any tangible assets that an organization uses to produce goods or services such as office buildings, equipment and machinery. Consumer goods are the end result of this production process.

**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.

Product and Service Decisions

Individual Product and Service Decisions

[Diagram showing the sequence of product attributes to product support services]

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Product and Service Decisions

Individual Product and Service Decisions

Product or service attributes communicate and deliver the benefits

- Quality
- Features
- Style and design

Product and Service Decisions

Individual Product and Service Decisions

- **Product Quality** is the level of quality that supports the product’s positioning
- **Product 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
- are assessed based on the value to the customer versus the cost to the company

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.

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

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

For example: P&G produces several product lines: detergent, toothpaste, soap, shampoo
Product Line Decisions

Product line length is the number of items in the product line. A company can expand its product line in two ways:

- Product line stretching
- Product line filling

Product Mix Decisions

Product mix consists of all the products and items that a particular seller offers for sale. A company’s product mix has four important dimensions:

- Width
- Length
- Depth
- Consistency
Services Marketing

Nature and Characteristics of a Service

- **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

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Branding Strategy: Building Strong Brands

**Brand equity**

is the differential effect that knowing the brand name has on customer response to the product or its marketing. It’s a measure of the brand’s ability to capture consumer preference and loyalty.
Brand Positioning

Brand strategy decisions include:

- Product attributes (qualities)
- Product benefits (beneficial)
- Product beliefs and values
Brand Name Selection

Desirable qualities
1. Suggest benefits and qualities
2. Easy to pronounce, recognize, and remember
3. Distinctive (characteristics)
4. Extendable
5. Translatable for the global economy
6. Capable of registration and legal protection

Brand Sponsorship

Manufacturer’s brand
Private brand
Licensed brand
Co-brand
Branding Strategy: Building Strong Brands

Brand Development Strategies

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