Product, Services, and Branding Strategies
Chapter 9

Definition

• Product
  – Anything offered to a market for attention, acquisition, consumption or use that might satisfy a need or want.

Definition

• Service
  – Any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything.

What is a Product?

• Products, Services, & Experiences
  – Market offerings, pure tangible goods, pure services, experiences

Experiences include zoos and aquariums

Discussion Question

Describe the core benefit, actual product, and augmented product aspects of automobile, washing machine or toothpaste.
What is a Product?

- Product and service classifications fall into two broad classes based on the types of buyers who use them:
  - Consumer products
  - Industrial products

<table>
<thead>
<tr>
<th>Marketing Considerations</th>
<th>Convenience</th>
<th>Shopping</th>
<th>Specialty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Buying Behavior</td>
<td>Frequent purchase</td>
<td>Low frequent purchase</td>
<td>Strong brand preference and loyalty</td>
</tr>
<tr>
<td></td>
<td>Little planning</td>
<td>Much-planning and shopping effort</td>
<td>Special purchase effort</td>
</tr>
<tr>
<td></td>
<td>Little comparison or shopping effort</td>
<td>Comparison of brands on price, quality, style</td>
<td>Little comparison of brands</td>
</tr>
<tr>
<td></td>
<td>Low customer involvement</td>
<td>Low price sensitivity</td>
<td>Low price sensitivity</td>
</tr>
<tr>
<td>Price</td>
<td>Low price</td>
<td>Higher price</td>
<td>High price</td>
</tr>
<tr>
<td>Distribution</td>
<td>Widespread distribution</td>
<td>Selective distribution in fewer outlets</td>
<td>Exclusive distribution in only one or few outlets per market area</td>
</tr>
<tr>
<td></td>
<td>Convenient location</td>
<td></td>
<td></td>
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<tr>
<td>Promotion</td>
<td>Mass promotion</td>
<td>Advertising and personal selling</td>
<td>More carefully targeted promotion</td>
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</tbody>
</table>

**Example**

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Discussion Question

How can tropical fish be a convenience good, specialty good, or shopping good to different consumers? Provide examples.

- 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
  - Industrial products are those purchased for use in conducting a business or those purchased as ingredients or components to be used in manufacturing.
    - Materials and parts
    - Capital items
    - Supplies and services

BOSCH

“It’s better to lose your money than to lose your trust”

- "Products" also include 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
Person marketing applies to political candidates: Cem Uzan

- White shirt = innocence
- No suit = informal, close to public
- Flag = notionalism

Social marketing promotes ideas or causes for the purpose of improving an individual's well-being or the well-being of society.

Product & Service Decisions

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

QUALITY
- Positioning tool
- Two dimensions
  - Quality level (performance quality - the ability of a product to perform its functions)
  - Consistency (Conformance quality) – freedom from defects and consistency in delivering a targeted level of performance
- QFD (links the needs of the customer (end user) with design, development, engineering, manufacturing, and service functions)
- TQM (focuses on encouraging a continuous flow of incremental improvements from the bottom of the organization’s hierarchy)

PRODUCT FEATURES
- Starting point: one without any extras
- +++ Adding more features: Higher level models
- How can a company identify new features and decide which ones to add its product lines?
- Features are competitive tool.
  - Differentiation
  - First mover advantage

PRODUCT STYLE AND DESIGN
- Way to add customer value
- Some companies have reputations for outstanding style and design.
- Design > Style
- Good style and design
  - Can attract attention
  - Improve product performance
  - Cut production costs
  - Give a strong competitive advantage
Product & Service Decisions

- Innovative product design can help revitalize a company, such as the 3M “post-it”.

Individual Product and Service Decisions

Product & Service Decisions

- Brand:
  - A name, term, sign, symbol, design, or a combination of these, that identifies the maker or sellers of a product or service.

Branding Strategy

- Brands are powerful assets that must be carefully developed and managed.
  - Both Tiger Woods and Nike can be considered brands.

For consumer:
- help consumers identify products that might benefit them
- tell something about product quality
For seller:
- provide legal protection for unique product features
- help the seller to segment market
- provide image for companies
Branding Strategy

- Brands with strong equity have many competitive advantages:
  - High consumer awareness
  - Strong brand loyalty
  - Helps when introducing new products
  - Less susceptible to price competition

**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

**Good Brand Names:**
- Suggest something about the product or its benefits
- Bug spray: OFF! or Easy-off
  - Are easy to say, recognize and remember
  - Are distinctive
  - Translate well into other languages
  - Eternity perfume
  - Can be registered and legally protected

**Discussion Question**

Evaluate the brand name for the product at left according to the criteria previously listed. **Would you have chosen this name for this product?**

**Brand Strategy**

- **Brand Positioning**
- **Brand Name Selection**
- **Brand Sponsorship**
- **Brand Development**

**Manufacturer brands**
### Brand Strategy

#### Key Decisions
- **Brand Positioning**
- **Brand Name Selection**
- **Brand Sponsorship**
- **Brand Development**

- Private (store) brands
  - Costly to establish and promote
  - Higher profit margins

### Key Decisions
- **Licensed brands**
  - Name and character licensing has grown

### Key Decisions
- **Co-branding**
  - Advantages
    - Broader consumer appeal
    - Greater brand equity
    - Efficient means of expansion into new product categories
  - Limitations
    - Complex legal contracts
    - Requires careful coordination of IMC
    - Requires that partners trust one another

### LINE EXTENSION
- Existing brand name, existing product category
- …when a company introduces additional items such as new flavors, forms, colors, ingredients or package sizes.

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Existing</th>
<th>New</th>
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</thead>
<tbody>
<tr>
<td>Line extension</td>
<td></td>
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<tr>
<td>Brand extension</td>
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</tbody>
</table>

#### What are the advantages and disadvantages of line extension?

- **Advantages**
  - Broader consumer appeal
  - Greater brand equity
  - Efficient means of expansion into new product categories

- **Limitations**
  - Complex legal contracts
  - Requires careful coordination of IMC
  - Requires that partners trust one another

- **Examples**
  - Canlı Renkler
  - Mükemmel Bukleler
  - Kepeğe Karşı Etkili
  - Onarıcı Bakım
  - Ekstra Düzleştirici

- **What are the advantages and disadvantages of line extension?**
BRAND EXTENSION
- New product category, existing brand name
- Barbie home furnishings, Barbie cosmetics, Barbie books, Barbie electronics, Barbie sporting goods

MULTIBRANDS
- New brand name, existing product category
- Way to establish different features and appeal to different buying motives
- Algida (France)
- Frisko (Denmark)
- Langnese (Germany)

NEW BRANDS
- New brand name, new product category
- Japan’s Matsushita uses separate names for its different families of products: Technics, Panasonic, National and Quasar.
- J&J; Glade air freshner, Raid insect spray

PACKAGING
- Packaging involves designing a container or wrapper for a product
  - Primary package (the tube holding Colgate toothpaste)
  - Secondary package (the cardboard box containing the tube of Colgate)
  - Shipping package (a corrugated box carrying six dozen tubes of Colgate toothpaste)

BENEFITS OF PACKAGING
- To contain and protect the product
- Attracting attention
- To create instant consumer recognition
- The seller’s last chance to influence buyers
- Reinforce product positioning
- Innovative packaging provide competitive advantage

LABELING
- Labels may range from simple tags attached to the products to complex graphics that are part of the package.
- Identify the product or brand
- Describe the several things about the product
  - Who made it?
  - Where it was made?
  - When it was made?
  - Its contents?
  - How it is to be used?
- Promote the product through attractive graphics
LABELING

- Many aspects of a food product’s label are dictated by law

Product & Service Decisions

Key Decisions

- Individual Product
- Product Line
- Product Mix

PRODUCT LINE:
- 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 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

Key Decisions

- Product line width:
  - Number of different product lines carried by company
- Product line depth:
  - Number of different versions of each product in the line

Four Services Characteristics

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

- Internal Marketing: service firms train and effectively motivate their employees to work as a team to satisfy the customer
- Interactive Marketing: recognizes that service quality depends heavily on the quality of buyer-seller interaction
- Customer retention is often the best measure
- Top service firms are “customer obsessed”
- Service recovery and employment empowerment are key
- Managing Service Productivity: many methods of enhancing productivity
- Key is to avoid reducing quality

Services Marketing - Service Firm Marketing Strategies

• The Service-Profit Chain
  • Internal Marketing: service firms train and effectively motivate their employees to work as a team to satisfy the customer
  • Interactive Marketing: recognizes that service quality depends heavily on the quality of buyer-seller interaction

British Airways differentiates its service by offering first-class world travelers private “demi-cabins”

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?