



MARKETING MIX

PRODUCT



What will we learn?

- What is product in marketing?
- What are the characteristics of products and how can they be classified?
- How can companies differentiate products?
- How can a company build and manage its product mix and product lines?
- What is a brand and how can companies manage brand?
- How can companies use packaging, labeling, warranties, and guarantees as marketing tools?

WHAT IS A PRODUCT?

Product:

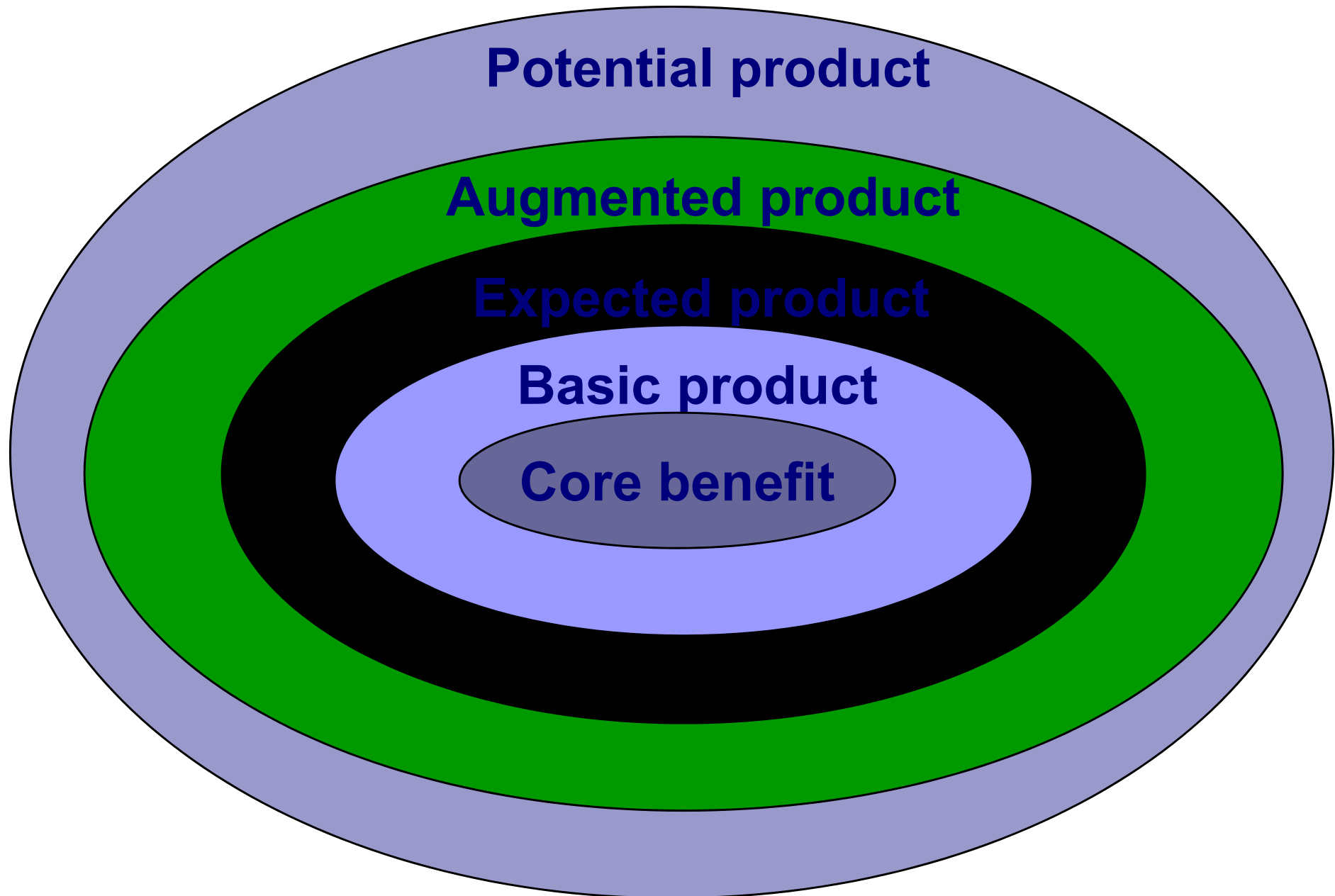
- **bundle of physical, service, and symbolic attributes** designed to enhance buyers' want satisfaction
- **anything that can be offered to a market for attention, acquisition, use, or consumption and that might satisfy a want or need.**
 - Includes: physical objects, services, events, persons, places, organizations, ideas, or some combination thereof.

Levels of product - hierarchy

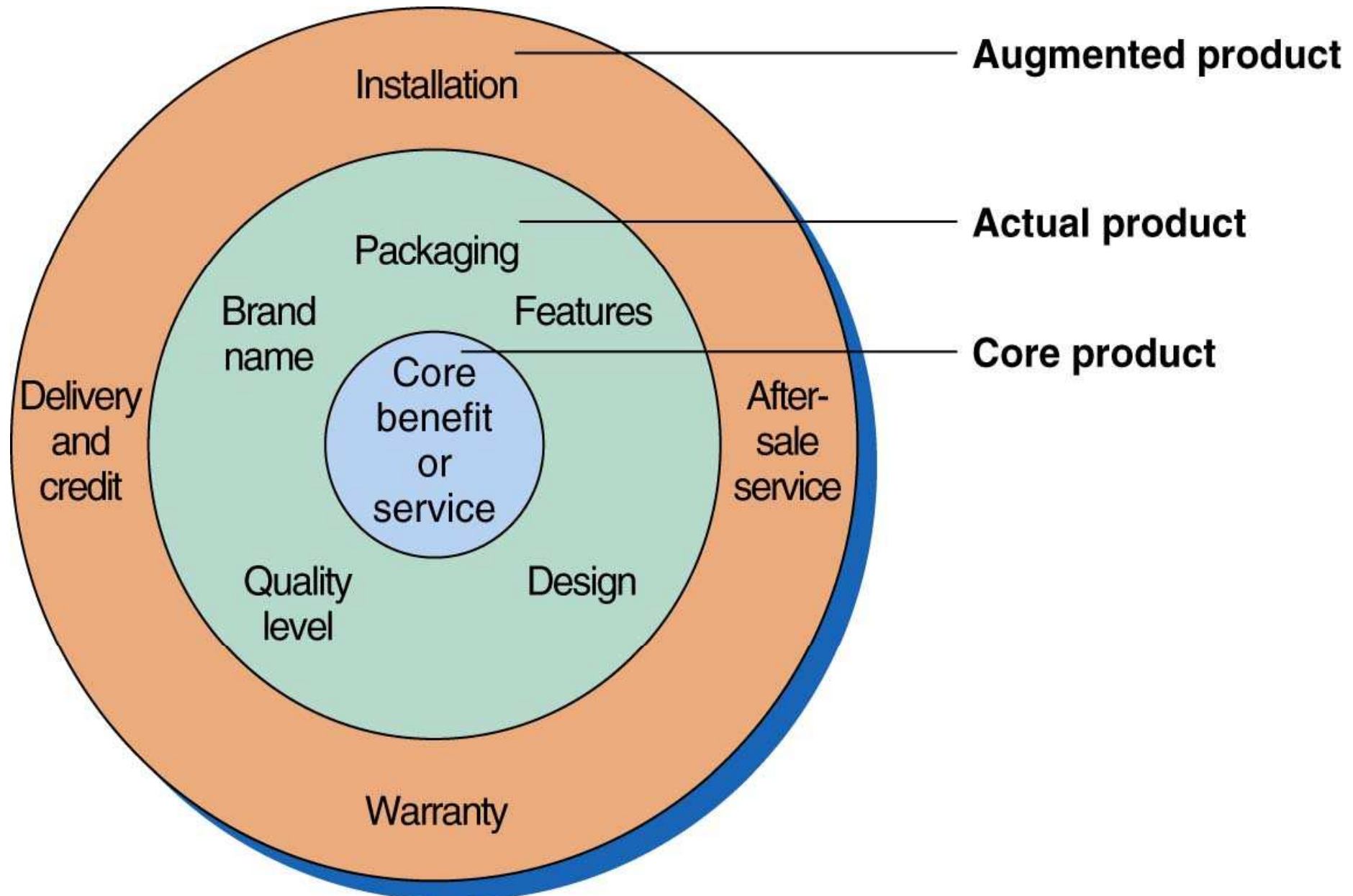
- **Levitt** (1983) suggested that the offer can be viewed at four levels:
 1. **core or generic product** = basic physical product, for instance a video cassette recorder
 2. **expected product** is the core product together with minimal purchase conditions, for instance a manual and a one-year warranty when buying electronic equipment.
 3. **the augmented level** is where the company has a chance of differentiating itself from the competitors. The aim is to improve the customer-perceived value by adding services and benefits which are preferred by target customers.
 4. **potential product**, namely all the augmentations and transformations this product might ultimately undergo in the future. It refers to the product's possible evolution over time as the company searches creatively for new ways to satisfy consumers and distinguish its offer.



Five Product Levels



Levels of a Product





Časopis pro občasný a potravní zložitím
www.takzejtra.cz

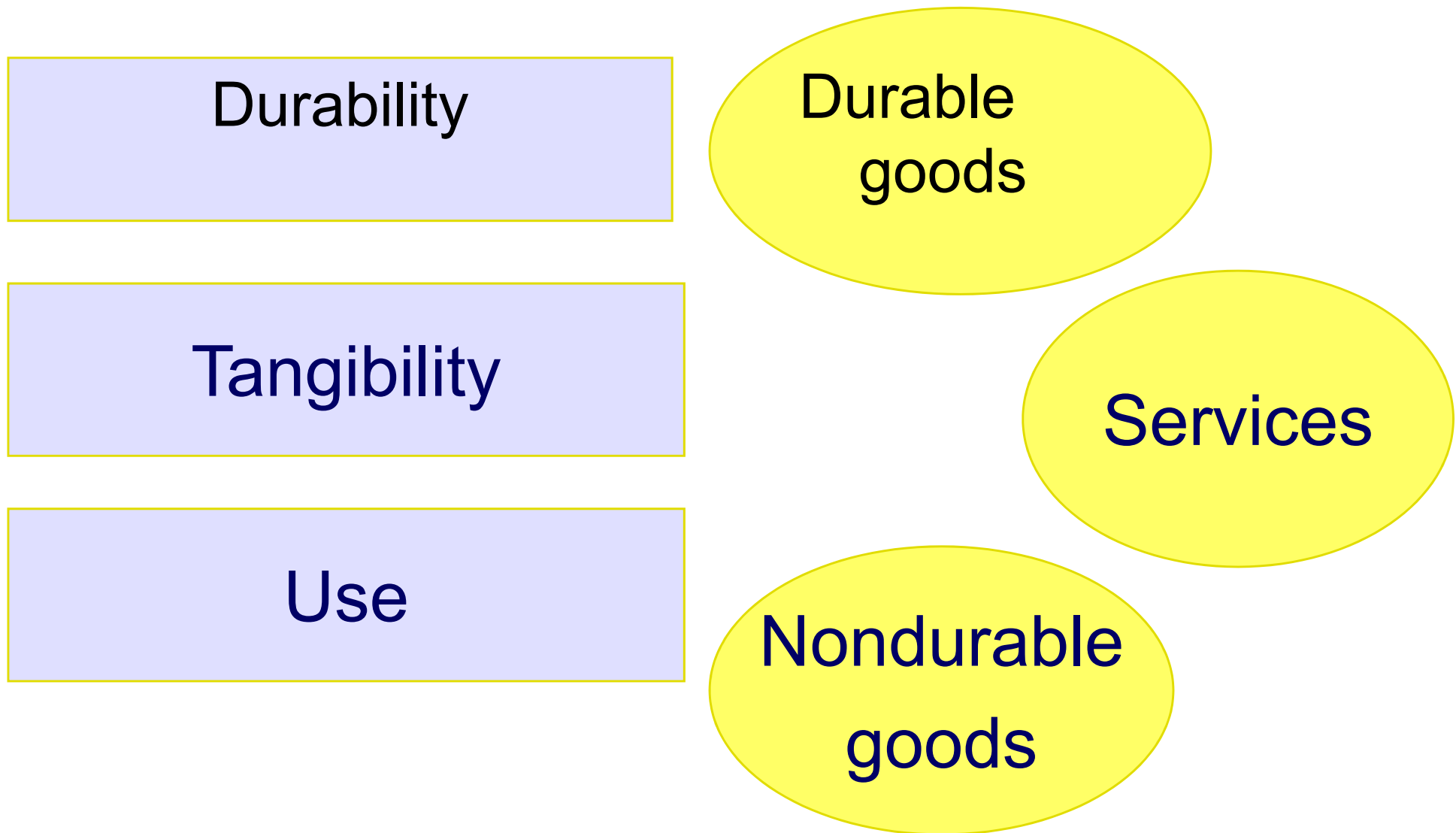
Coca-Cola
BIAK™

Coca-Cola
BIAK

JEDINEČNÉ SPOJENÍ
Coca-Cola chuti
a kávového extraktu

www.takzejtra.cz

Product classification schemes





What is a Service?

- A form of product that consists of activities, benefits, or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything.
 - Examples: banking, hotel, airline, retail, tax preparation, home repairs.

Consumer-Goods Classification

Convenience Products

Buy frequently & immediately

- > Low priced
- > Many purchase locations
- > Includes:
 - Staple goods
 - Impulse goods
 - Emergency goods

Shopping Products

Buy less frequently

- > Gather product information
- > Fewer purchase locations
- > Compare for:
 - Suitability & Quality
 - Price & Style

Specialty Products

Special purchase efforts

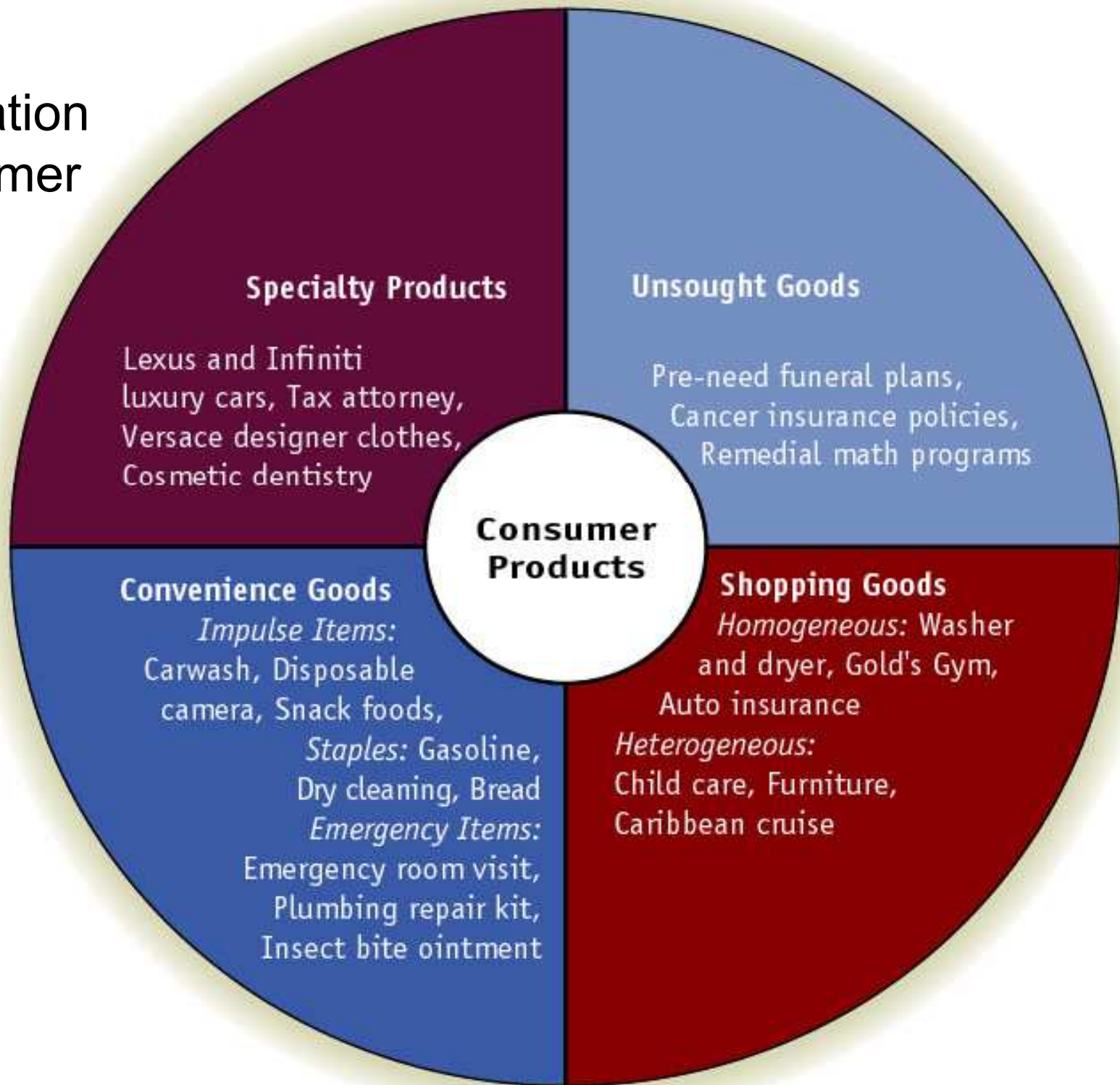
- > Unique characteristics
- > Brand identification
- > Few purchase locations

Unsought Products

New innovations

- > Products consumers don't want to think about.
- > Require much advertising & personal selling

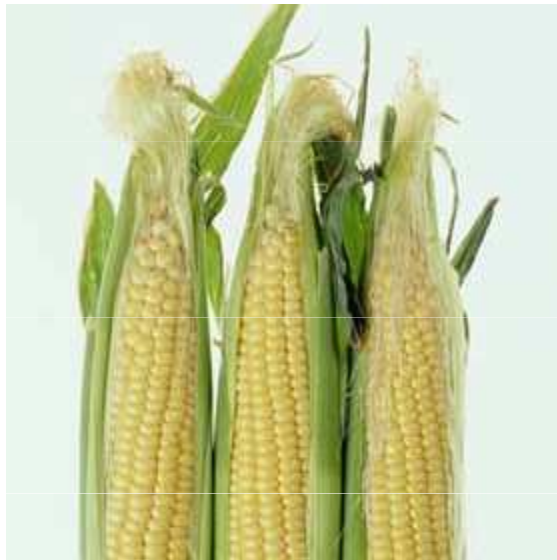
Classification of Consumer Products





Industrial Products + commodities

- Those purchased for further processing or for use in conducting business.



Industrial Products

Materials and Parts

Raw materials, manufactured materials, and parts

Capital Items

Products that aid in buyer's production or operations

Supplies and Services

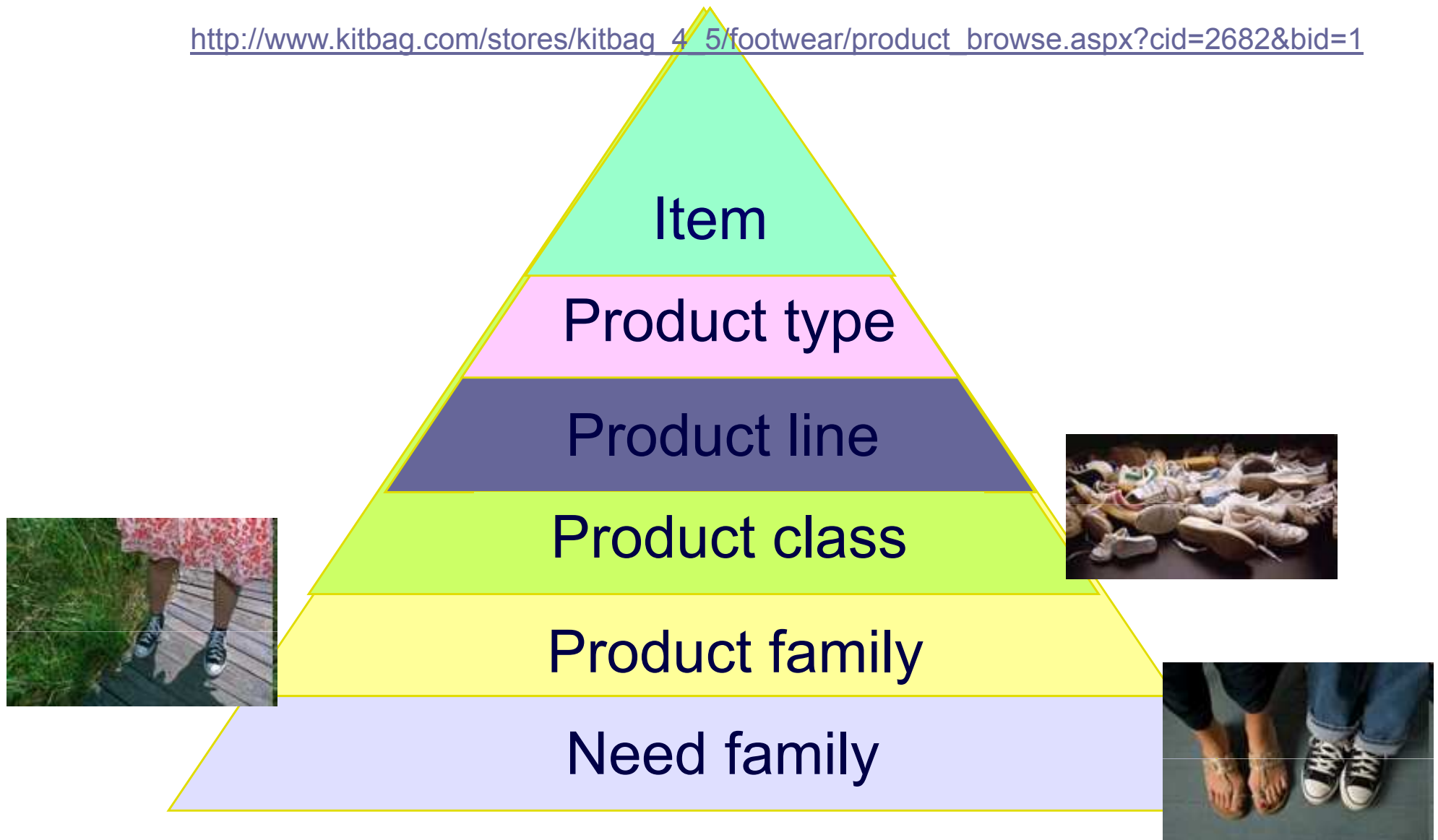
Operating supplies, repair, and maintenance items

Other Market Offerings

- Organizations: Profit (businesses) and nonprofit (schools and churches).
- Persons: Politicians, entertainers, sports figures, doctors, and lawyers.
- Places: create, maintain, or change attitudes or behavior toward particular places (e.g., tourism).
- Ideas (social marketing): Public health campaigns, environmental campaigns, family planning, or human rights.

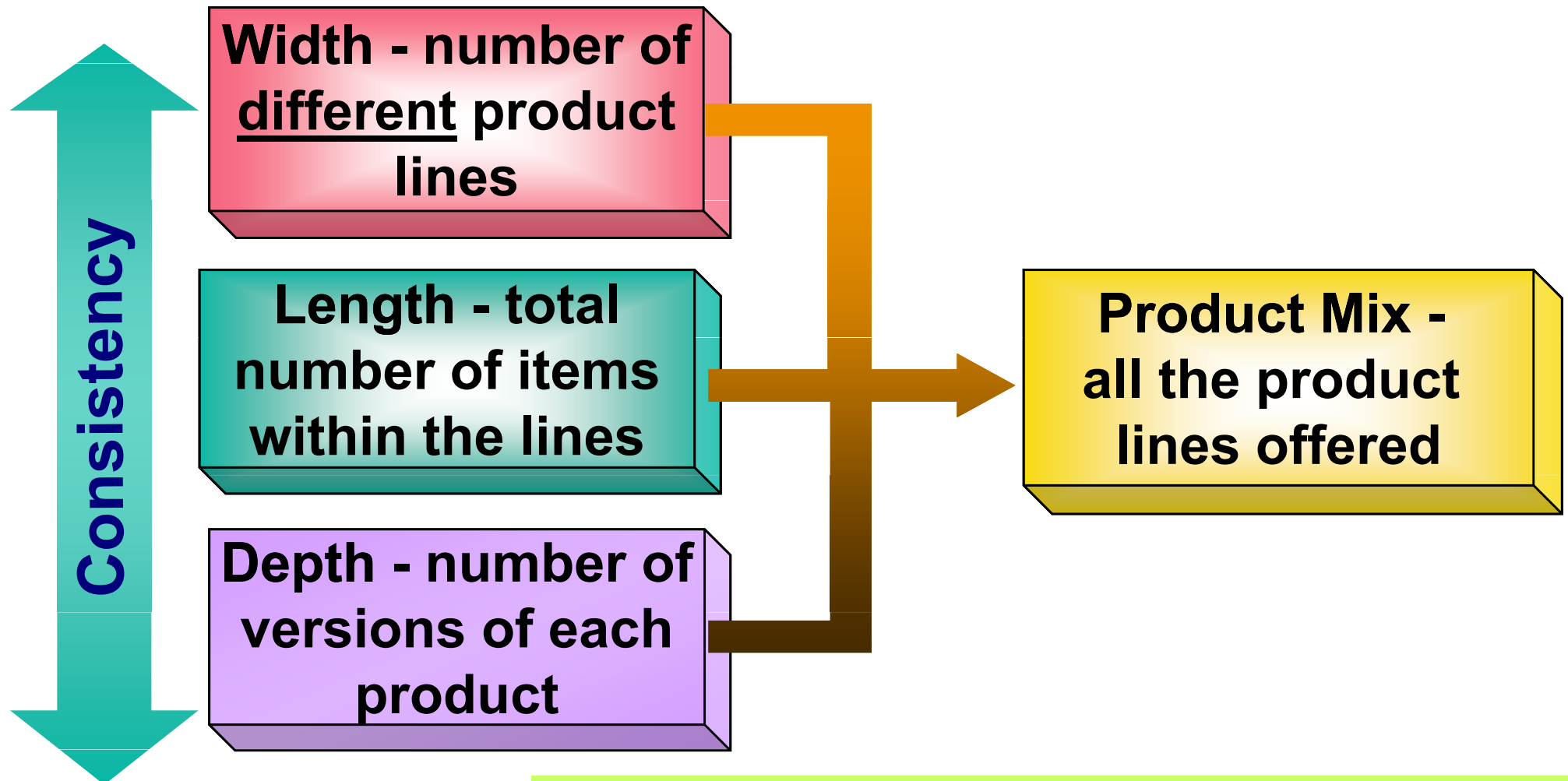
Hierarchy of products

http://www.kitbag.com/stores/kitbag_4_5/footwear/product_browse.aspx?cid=2682&bid=1



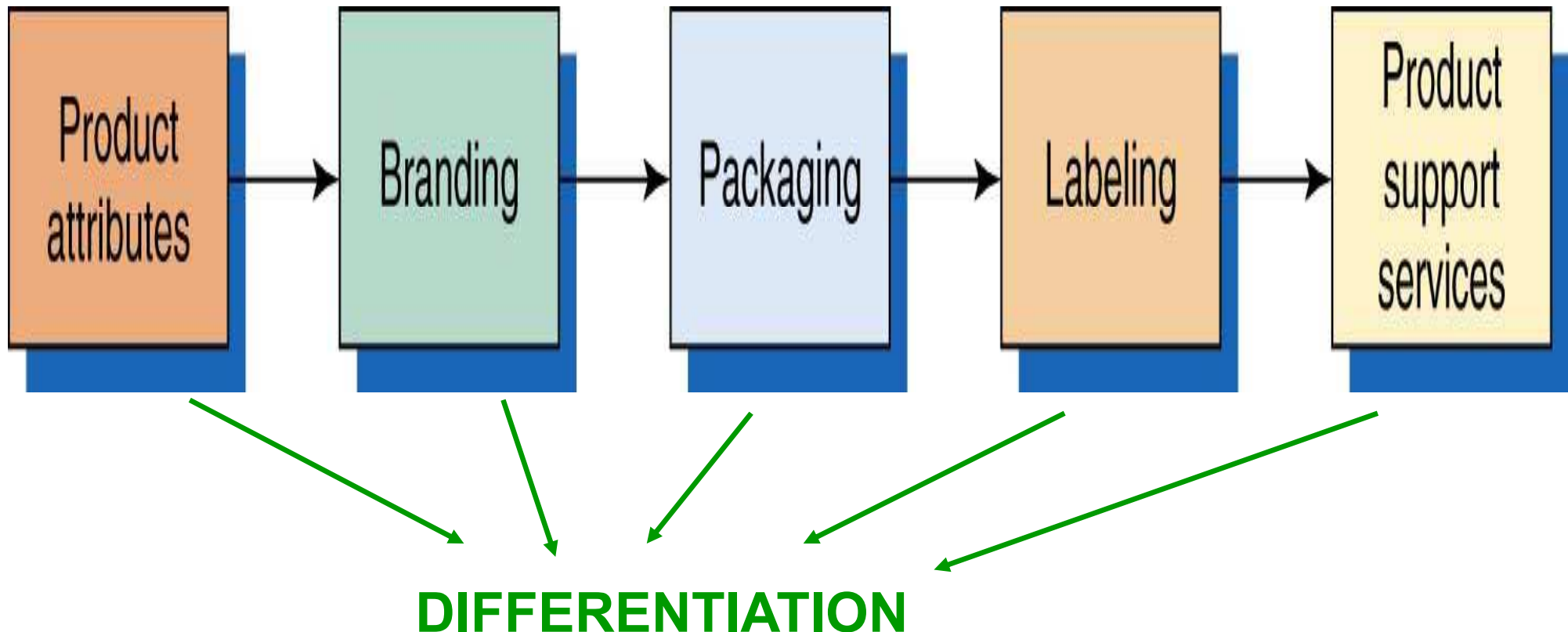
Company Product Mix

<http://www.sony.com/index.php>



Consistency: how closely related the various lines are.

Individual Product Decisions



Product and Service Attributes

Quality

Performance and Satisfaction
Includes Level & Consistency

Features

Differentiates a product from the
competition; assessed based on
value and cost

Style & Design

Style = Appearance
Design = heart of the product

PRODUCT DIFFERENTIATION

- Product form
- Features
- Performance
- Conformance
- Durability
- Reliability
- Reparability
- Style
- Design
- Ordering ease
- Delivery
- Installation
- Customer training
- Customer consulting
- Maintenance

PRODUCT
SUPPORT
SERVICES



<http://www.peugeot.com/en/products/cars/peugeot-107.aspx>

http://www.renault.com/renault_com/en/main/40_VEHICULES_ET_SERVICES/Clio/index.aspx



Product Line Decisions

Product Line Length

Number of Items in the Product Line



Stretching

Lengthen beyond current range.

Can be:

Downward

Upward

Both Directions

Functions + price



Filling

Lengthen within current range

+

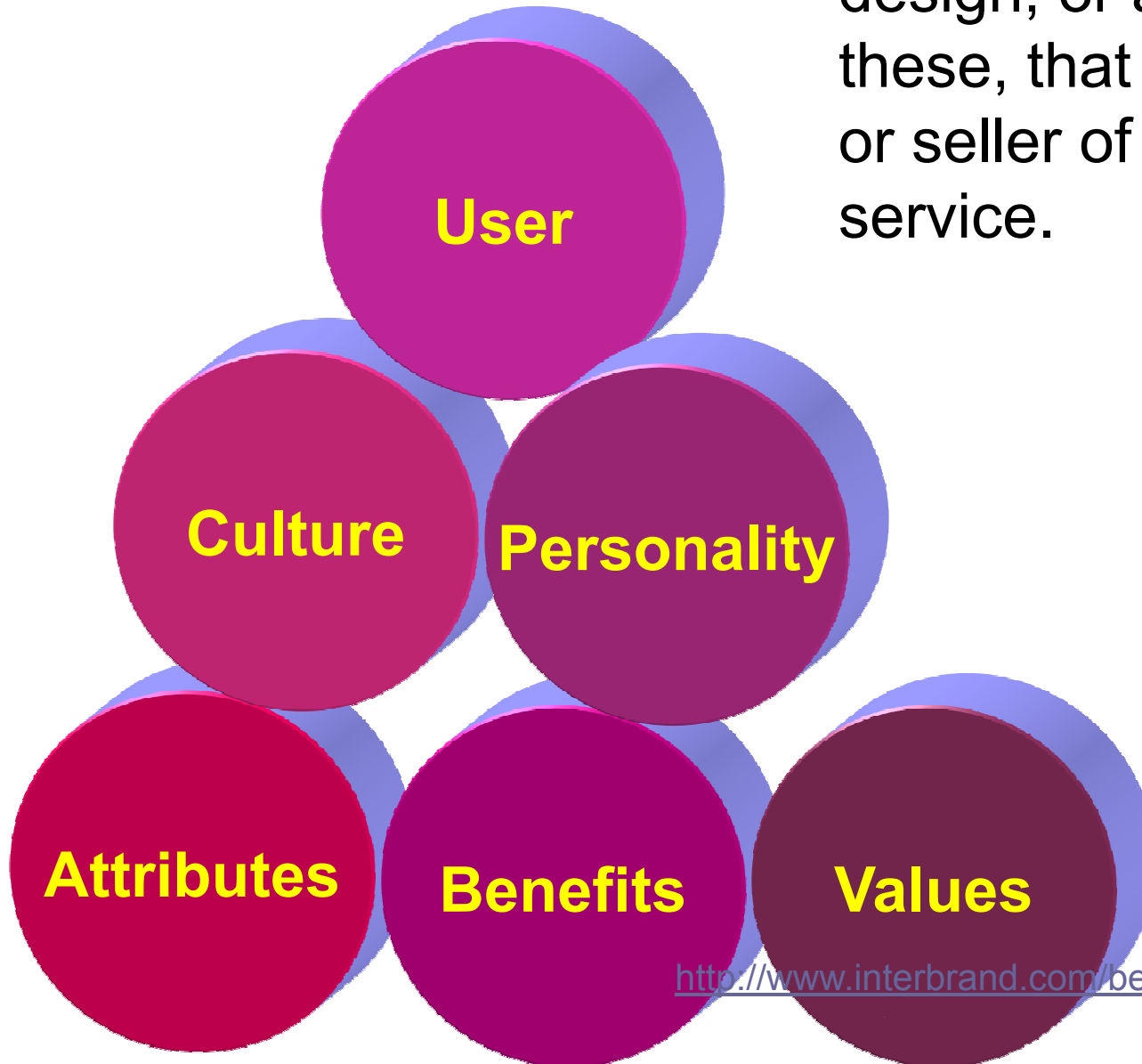
Line

Modernization

Line Featuring &
Line Pruning

(withdrawing)

What is a **Brand**? A brand is a name, term, sign, symbol, or design, or a combination of these, that identifies the maker or seller of a product or service.



Branding

- Advantages to buyers:
 - Product identification
 - Product quality
- Advantages to sellers:
 - Basis for product's quality story
 - Provides legal protection
 - Helps to segment markets
 - Create barriers to entry
 - Serve as a competitive advantage
 - Secure price premium

BRAND KNOWLEDGE

- Thoughts
- Beliefs
- Feelings
- Images
- Experiences



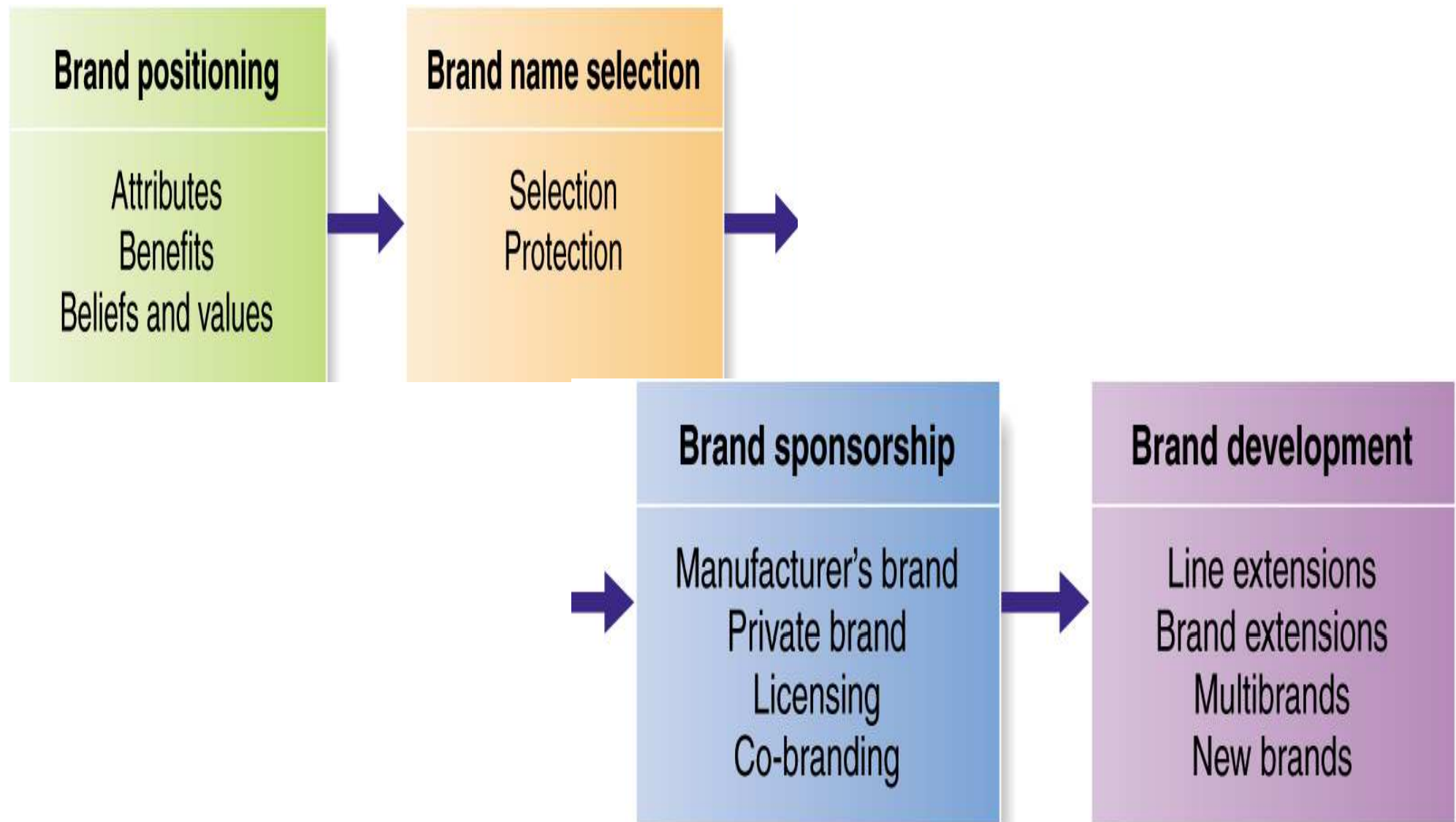
Brand Equity

- The positive differential effect that knowing the brand name has on customer response to the product or service.
- Provides:
 - More brand awareness and loyalty
 - Basis for strong, profitable customer relationships

BRAND ASSET VALUATOR (BAV)

- Differentiation
- Relevance
- Esteem
- Knowledge

Major Brand Strategy Decisions



Brand Positioning

- Can position brands at any of three levels.



Product Attributes



Product Benefits



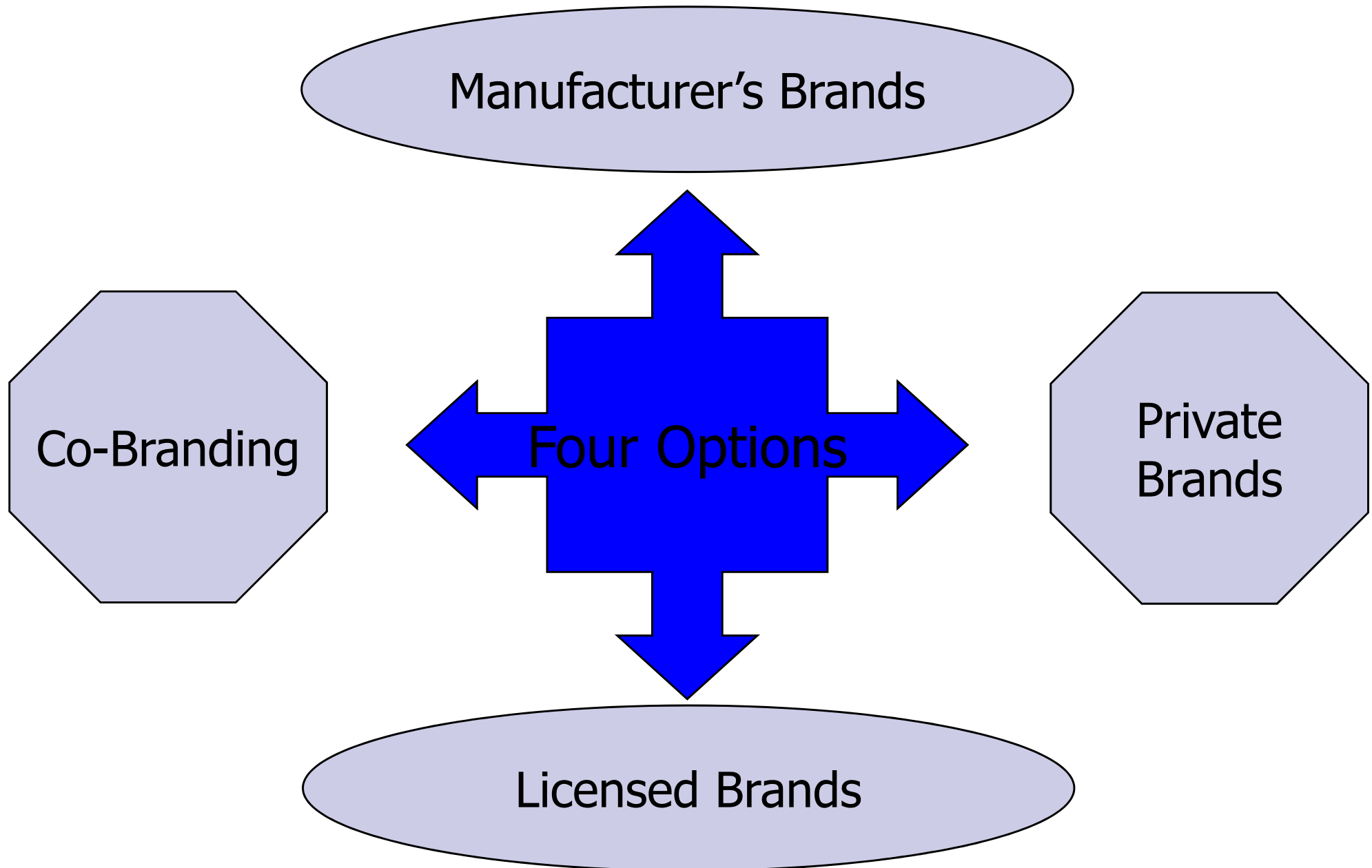
Beliefs and Values



Brand Name Selection

- Desirable qualities for a brand name include:
 1. It should suggest product's benefits and qualities
 2. It should be easy to pronounce, recognize, and remember
 3. It should be distinctive
 4. It should be extendable
 5. It should translate easily into foreign languages
 6. It should be capable of registration and legal protection

Brand Sponsorship



Brand Development

- *Line Extension*: introduction of additional items in a given product category under the same brand name (e.g., new flavors, forms, colors, ingredients, or package sizes).
- *Brand Extension*: using a successful brand name to launch a new or modified product in a new category.



Brand Development

- *Multibranding*: offers a way to establish different features and appeal to different buying motives.
- *New Brands*: developed based on belief that the power of its existing brand is waning and a new brand name is needed. Also used for products in new product category.

Brand Equity

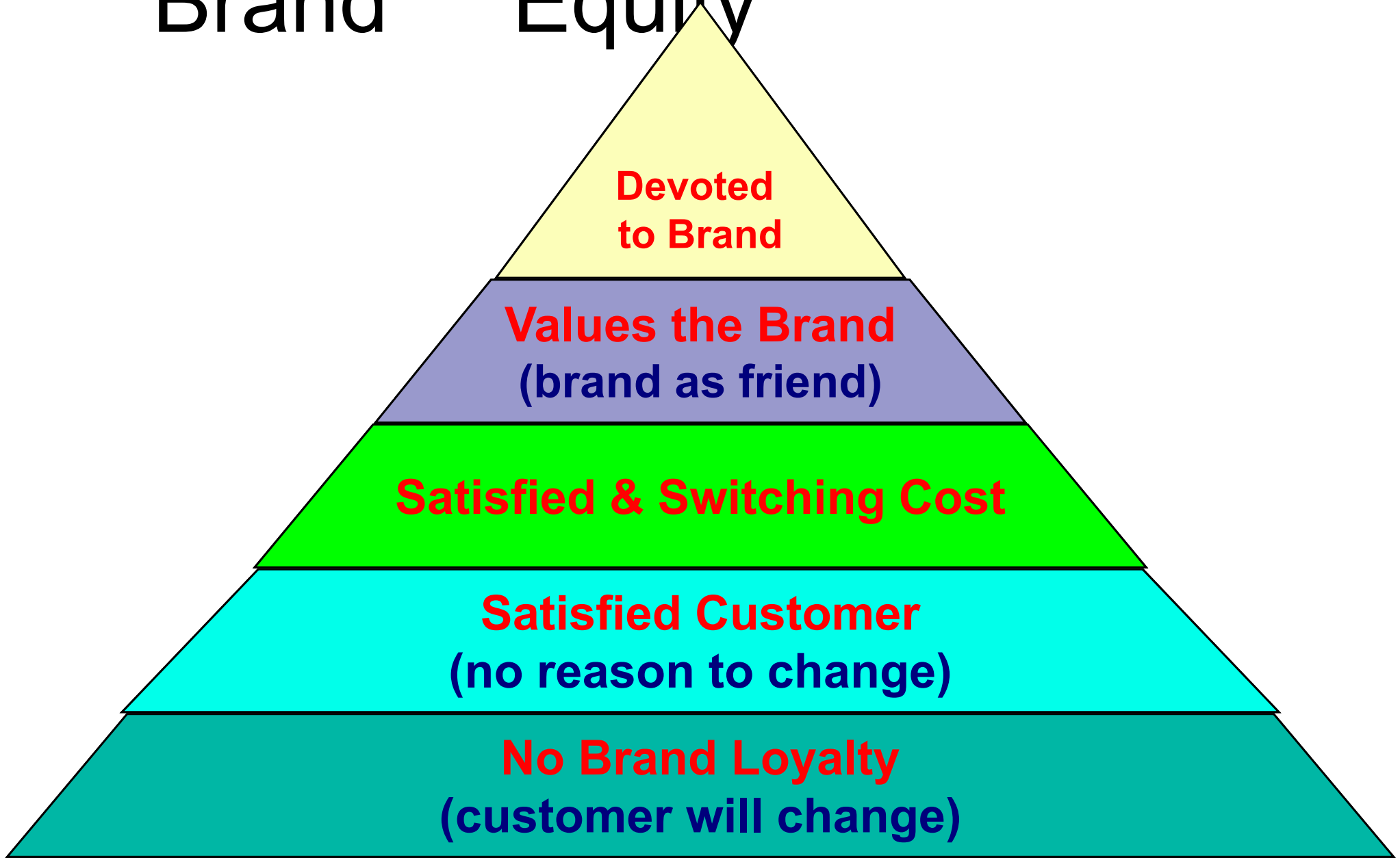
**Devoted
to Brand**

**Values the Brand
(brand as friend)**

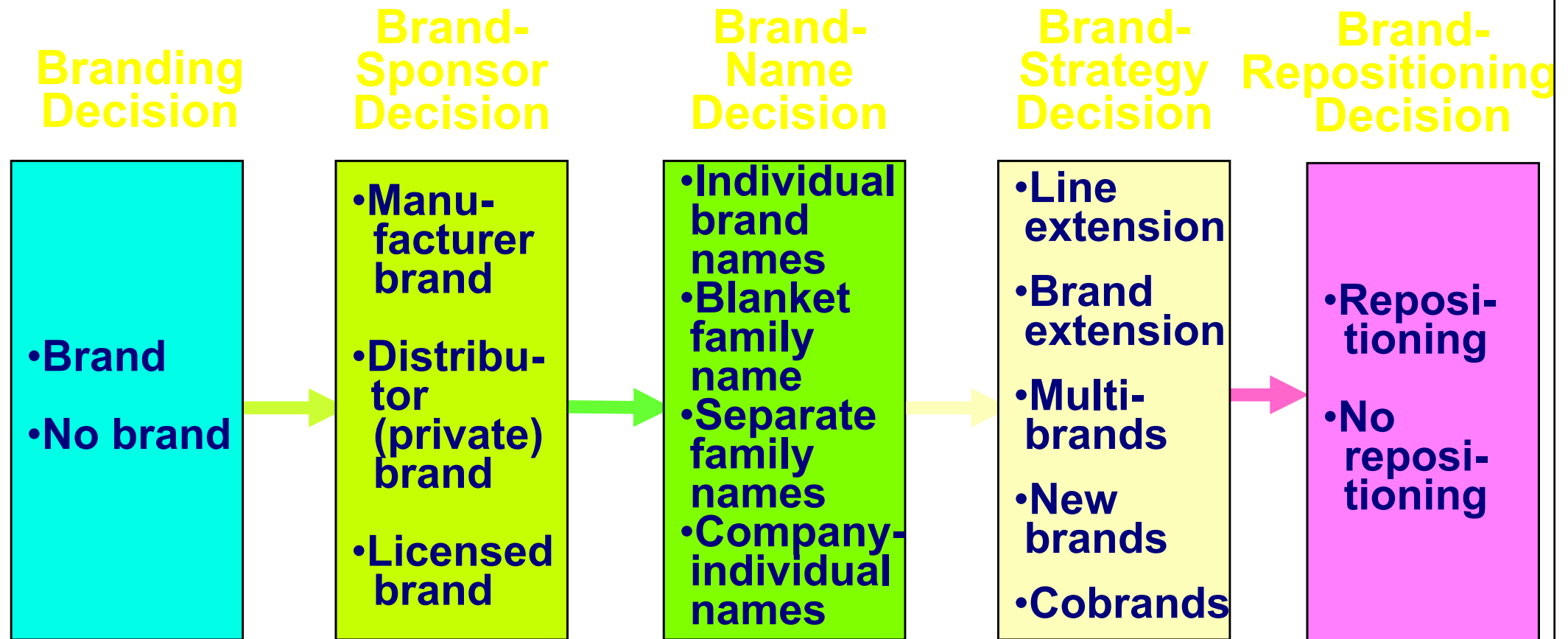
Satisfied & Switching Cost

**Satisfied Customer
(no reason to change)**

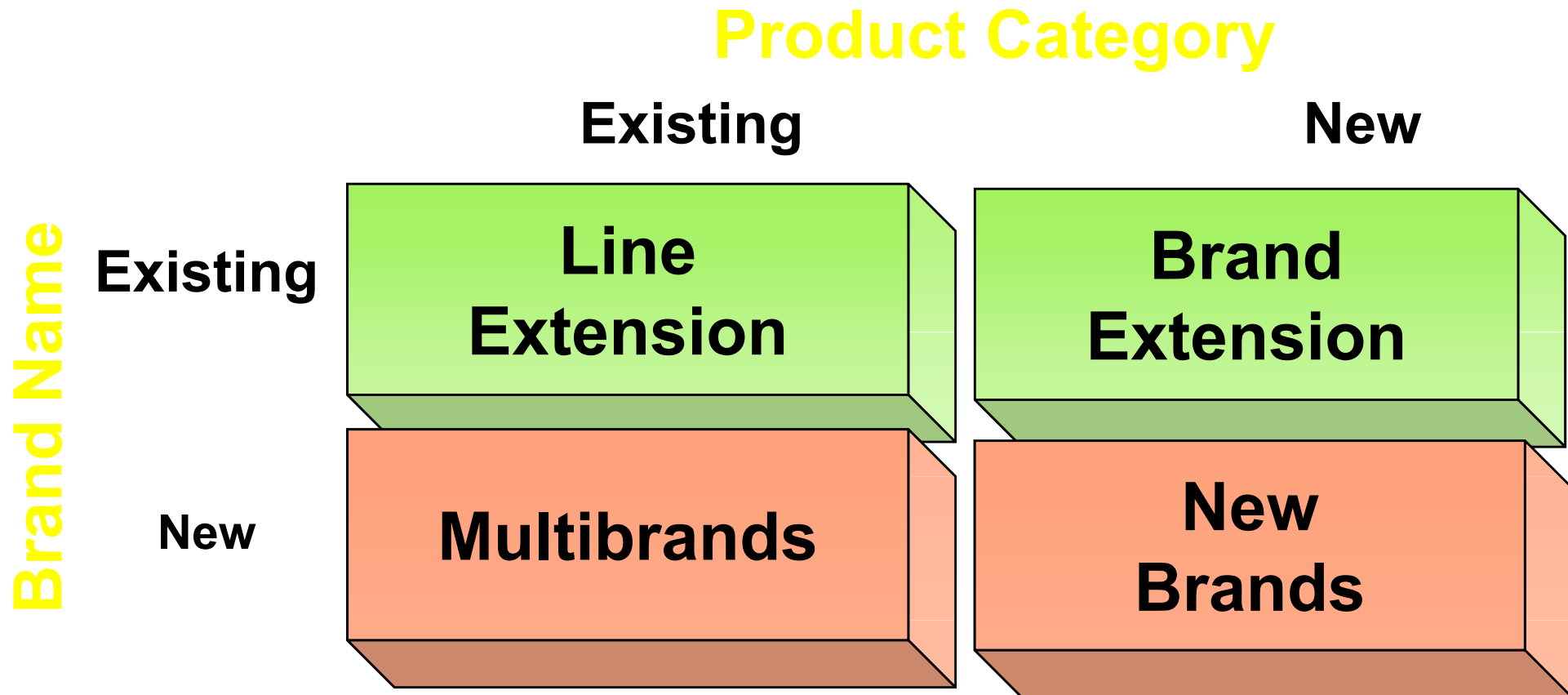
**No Brand Loyalty
(customer will change)**



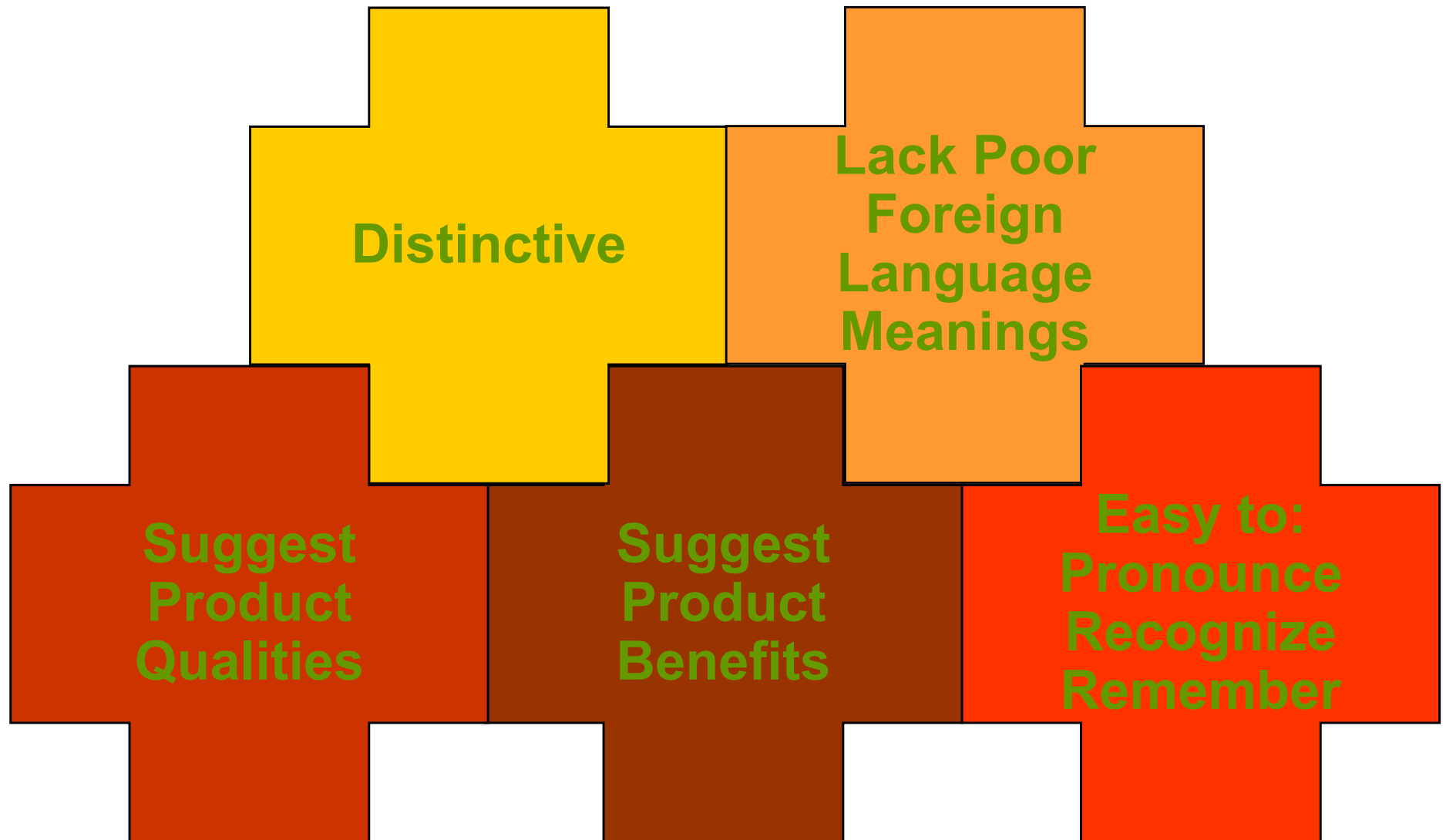
An Overview of Branding Decisions



Brand Strategies



Good Brand Names:



Packaging



- Designing and producing the container or wrapper for a product.

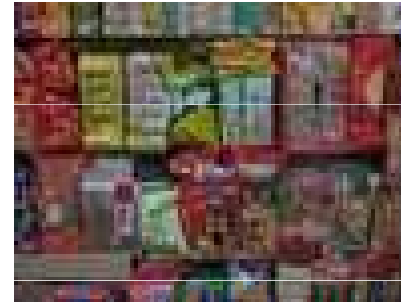
- Developing a good package:

- Packaging concept
- Package elements
- Product safety
- Environmental concerns
- Distribution



Why Package is Crucial as a Marketing Tool

- Self-service
- Consumer affluence
- Company & brand image
- Opportunity for innovation

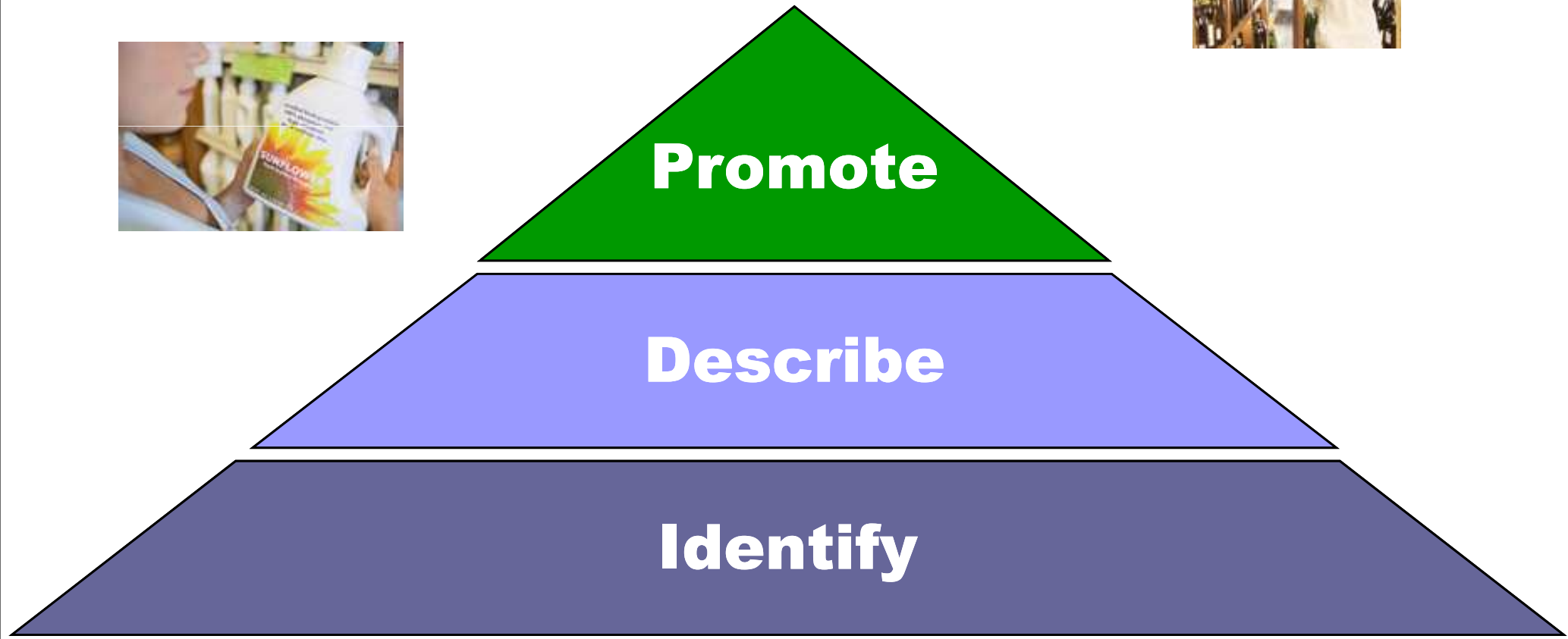


<http://www.cokebottles4sale.com/>

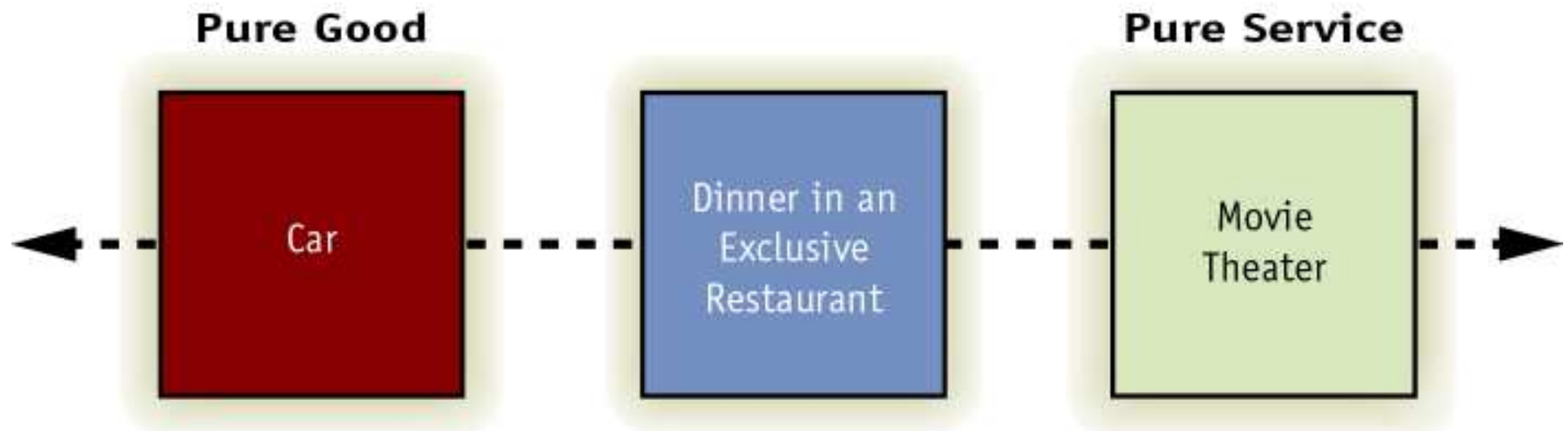
Labeling

- Printed information appearing on or with the package.
- Performs several functions:
 - *Identifies* product or brand
 - *Describes* several things about the product
 - *Promotes* the product through attractive graphics

Labels

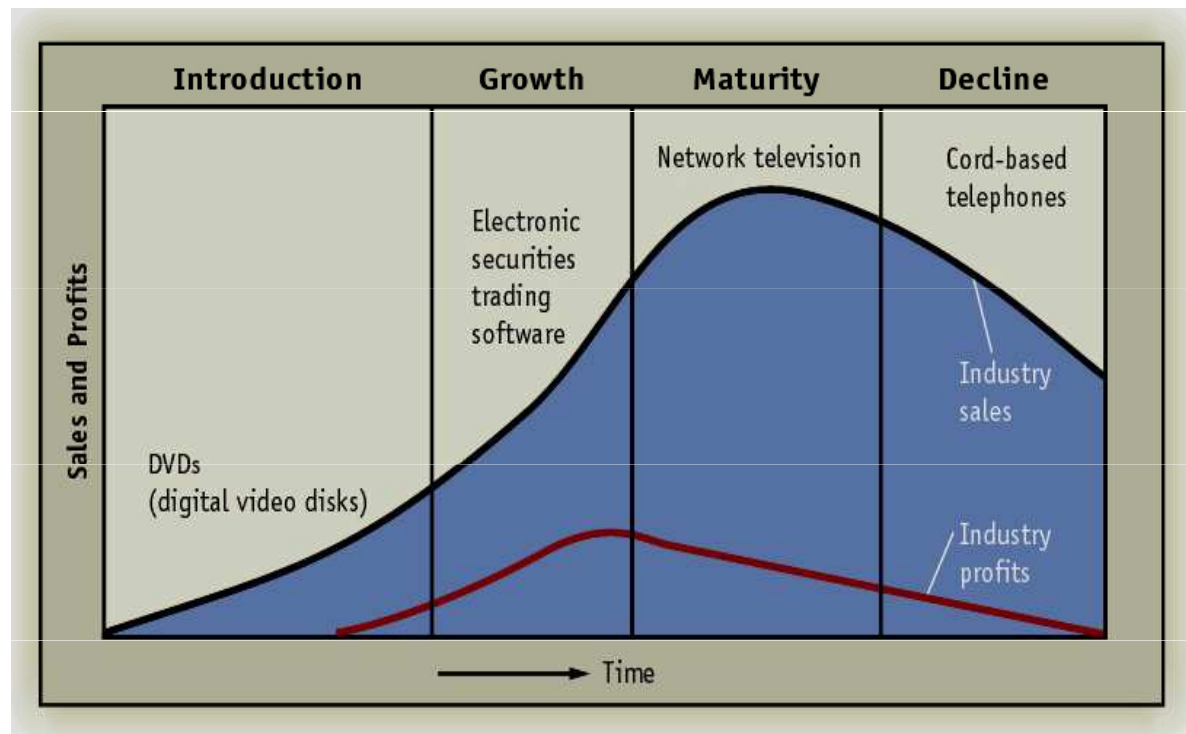


Goods-Services Continuum



THE PRODUCT LIFE CYCLE

- **Product life cycle:** progression of products through introduction, growth, maturity, and decline stages



The Product Life Cycle

Introduction

- Firm works to stimulate demand for the new market entry
- Promotional campaigns stress features and attempts to generate awareness, interest, and trial
- Additional promotions to intermediaries attempt to induce them to carry the product
- Although prices are typically high, financial losses are common due to heavy promotional and research-and-development costs

The Product Life Cycle

Introduction

Growth

- Sales volume rises rapidly
- Firm usually begins to realize substantial profits
- Success attracts competitors
- Firm may need to make improvements to the product
- Additional spending on promotion and distribution may be necessary

The Product Life Cycle

Introduction

Growth

Maturity

- Industry sales continue to grow, but eventually reach a plateau
- Many competitors have entered the market, sales and profits begin to decline
- Differences between competing products diminish
- Available supplies exceed industry demand for the first time
- Must manage competition and look to extend PLC

The Product Life Cycle

Introduction

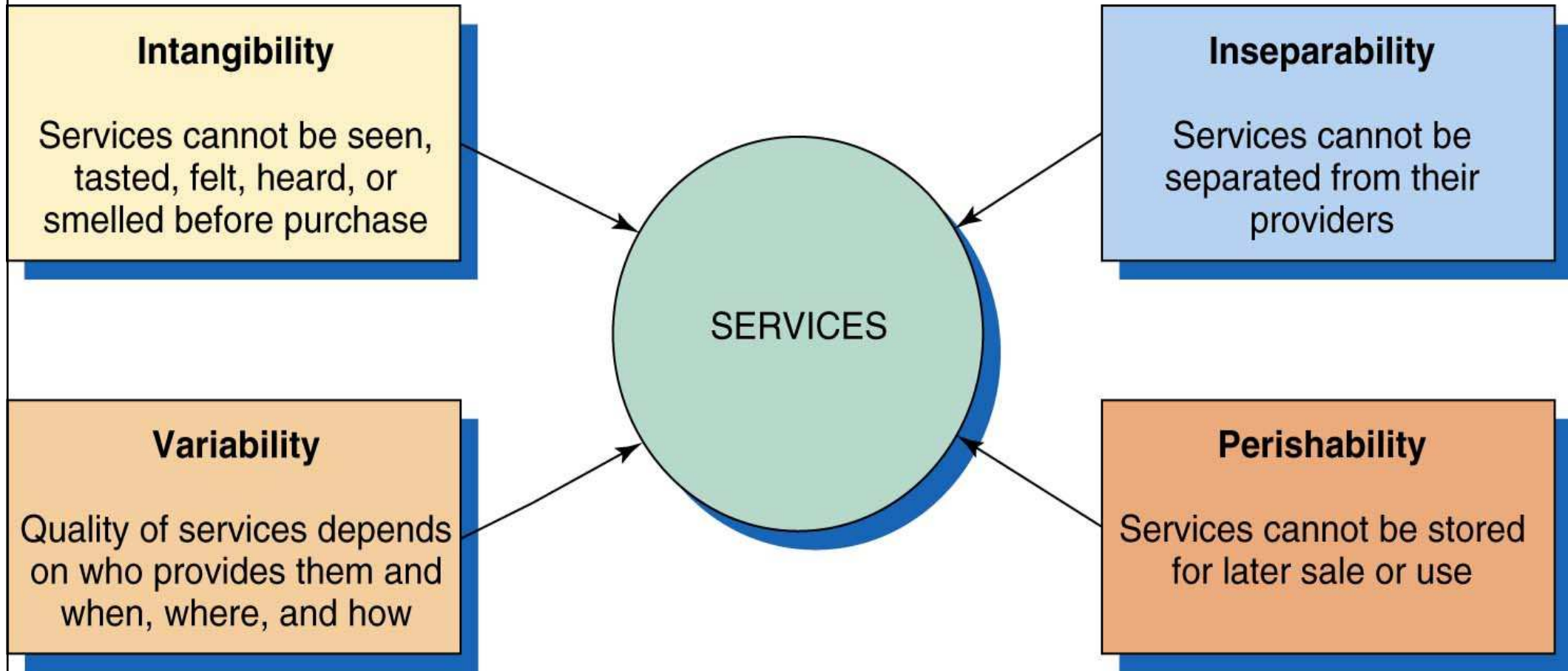
Growth

Maturity

Decline

- Innovations or shifts in consumer preferences cause an absolute decline in industry sales
- Industry profits continue to fall -- sometimes become losses
- Firms cut prices in a bid for the dwindling market
- Manufacturers gradually drop the declining items from their product lines

Nature and Characteristics of a Service



Major Service Marketing Tasks

- **Managing Service Differentiation:**
 - Develop a differentiated offer, delivery, and image.
- **Managing Service Quality:**
 - Be customer obsessed, set high service quality standards, have good service recovery, empower front-line employees.
- **Managing Service Productivity:**
 - Train current employees or hire new ones, increase quantity and sacrifice quality, harness technology.

The Service Package

- *Supporting Facility: The physical resources that must be in place before a service can be sold. Examples are golf course, ski lift, hospital, airplane.*
- *Facilitating Goods: The material consumed by the buyer or items provided by the consumer. Examples are food items, legal documents, golf clubs, medical history.*
- *Information: Operations data or information that is provided by the customer to enable efficient and customized service. Examples are patient medical records, seats available on a flight, customer preferences, location of customer to dispatch a taxi.*
- *Explicit Services: Benefits readily observable by the senses. The essential or intrinsic features. Examples are quality of meal, attitude of the waiter, on-time departure.*
- *Implicit Services: Psychological benefits or extrinsic features which the consumer may sense only vaguely. Examples are privacy of loan office, security of a well lighted parking lot.*