



# Chapter-8

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## Product, Services, and Branding Strategy



# Learning goals

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1. Define product and the major classifications of products and services
2. Describe the decisions companies make regarding their individual products and services, product lines, and product mixes
3. Discuss branding strategy-the decisions companies make in building and managing their brands
4. Identify the four characteristics that affect the marketing of a service and the additional marketing considerations that services require
5. Discuss two additional product issues: socially responsible product decisions and international product and services marketing

# What Is a Product?

- **Product:** Anything offered to a market that satisfies a want or need.
  - Includes: physical objects, services, events, persons, places, organizations, ideas, or some combination thereof.

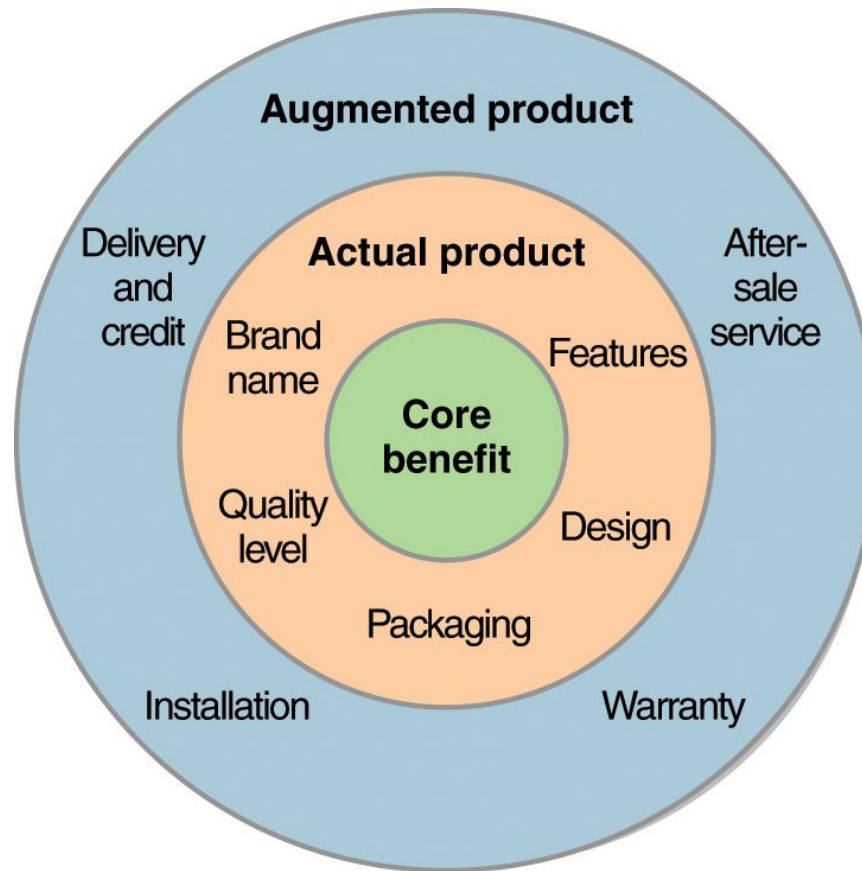


# Product, Services, and Experiences

- **Services:** Activities, benefits, or satisfactions offered to a market that are essentially intangible and do not result in the ownership of anything.
  - Examples: banking, hotel, airline, retail, tax preparation, home repairs.
- **Experiences:** Entertainment industry
  - Example: Disney land, cinemas, etc.



# Three Levels of Product





# Three Levels of Product

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- Is Microsoft Windows XP Professional operating software a product or a service?
- Describe its core, actual, and augmented levels.



**Microsoft**<sup>®</sup>



# Classification of Products and Services

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**Consumer products** are products and services for personal consumption

- Classified by how consumers buy them
  - Convenience product
  - Shopping products
  - Specialty products
  - Unsought products

# Classification of Products and Services

## ■ Convenience Goods

- Bought frequently and immediately
- Low price
- Many purchase locations
- Examples: candy, soda, newspapers



## ■ Shopping Goods

- Bought less frequently
- High price
- Fewer purchase locations
- Comparison shop
- Examples: cars, furniture, appliances





# Classification of Products and Services

## ■ Specialty Products

- Special purchase efforts
- High price
- Unique characteristics
- Brand importance
- Few purchase locations
- Example: Rolex watches, Ferrari cars



## ■ Unsought Products

- New innovations
- Consumers may not want to purchase or think about them
- Examples: blood donation, cemetery plots, insurance



# Classification of Products and Services

**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





# Classification of Products and Services

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## **Organizations, Persons, Places, and Ideas**

Marketed to create, maintain, or change the attitudes or behavior toward the following:

- Organizations: Profit (businesses) and nonprofit (schools and churches).
- Person: Political and sports figures, entertainers, doctors and lawyers.
- Place: Business sites and tourism.
- Social: Reduce smoking, clean air, etc.



# Product and Service Decision

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- Marketers make product and service decisions at three level:
  1. Individual product decision
  2. Product line decision
  3. Product mix decision.



# 1. Individual Product and Service Decisions

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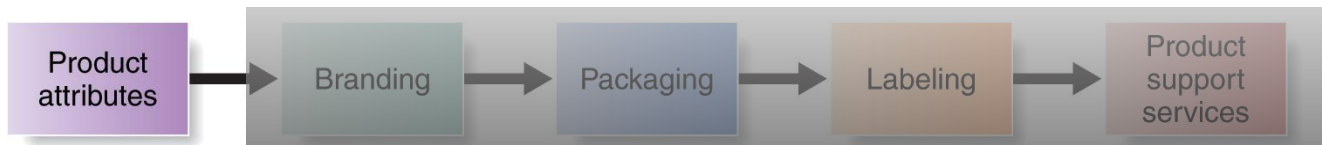




# 1. Individual Product and Service Decisions

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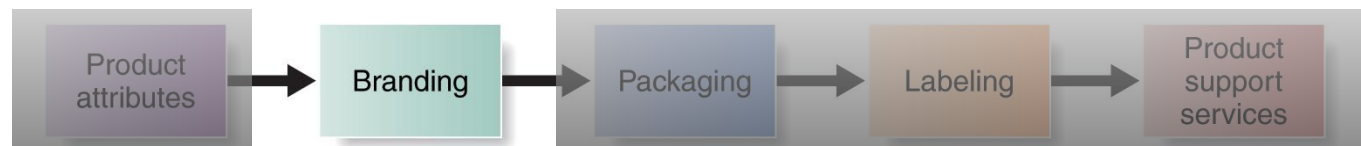
- Product and Service Attributes
  - Quality
    - Performance quality
    - Conformance quality
  - Features
    - Competitive tool for differentiating product
    - Should be valued by the customer as determined through market research
  - Style and Design
    - Good design contributes to product's usefulness as well as looks



# 1. Individual Product and Service Decisions

## ■ Branding

- Brand: a name, term, sign, symbol, or design that identifies the product
- Branding can add value to a product
- Branding helps buyers
  - Identify products
  - Determine quality
- Branding helps sellers
  - Convey product quality
  - Provide legal protection
  - Segment markets





# 1. Individual Product and Service Decisions

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## **Branding – Advantages**

- Advantages to buyers:
  - Eases product identification
  - Simplifies the purchase process
  - Signal of quality
  - “Repository of Trust” (- Jordan)
  
- Advantages to sellers:
  - Drive loyalty to company and its products
  - Provides legal protection
  - Helps segment markets (i.e. “Branded Variants”)





# 1. Individual Product and Service Decisions

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## Branding

Click to  
Procter and  
Gamble Co.  
website to see  
how well you  
know their  
brands



### ► Brand BrainTeasers

How well do you know your favorite P&G brands? Would you know the Pampers package if there was no name on it? See which products stick out in your mind with Brand BrainTeasers, the game with no names—just logos.



# 1. Individual Product and Service Decisions

## ■ Packaging

- Container, wrapper or “external face” for a product.
- Functions of packaging
  - Contain and protect
  - Promote the product
  - Differentiate the product

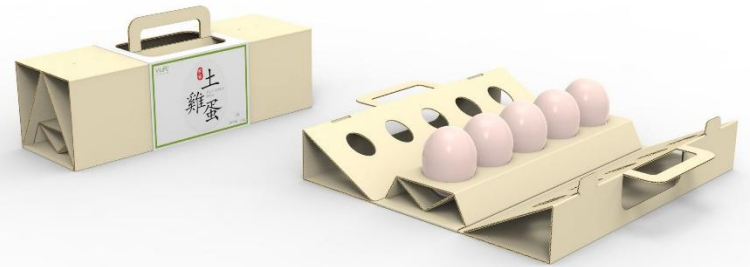


• Portable

• Stackable



One-paper-formed Eco-friendly Egg Packaging



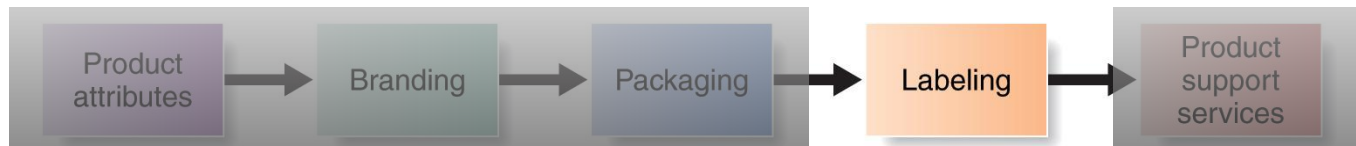




# 1. Individual Product and Service Decisions

## ■ Labeling

- Serves to identify the product
- Describes the product
- Promotes the product
- Must be careful not to:
  - Mislead customers
  - Fail to describe ingredients
  - Fail to include safety warnings





**Sunscreen Labeling According to 2011 Final Rule**

If used as directed with other sun protection measures, this product reduces the risk of skin cancer and burns when tanning, as well as helps prevent sunburns.

Only products labeled with both "Broad Spectrum" AND SPF 15 or higher have been shown to provide all these benefits.



Drug Facts	
Active Ingredients	Purpose
<ul style="list-style-type: none"> <li>Octocrylene 3%</li> <li>Avobenzone 3%</li> <li>Homosalate 5%</li> <li>Oxybenzone 6%</li> </ul>	Sunscreen
<b>Uses</b>	
<ul style="list-style-type: none"> <li>• To help prevent sunburn</li> <li>• If used as directed with other sun protection measures (see Directions), decreases the risk of skin cancer and burns when tanning.</li> </ul>	
<b>Warnings</b>	
<ul style="list-style-type: none"> <li>• For external use only.</li> <li>• Do not use on damaged or broken skin.</li> <li>• When using this product, wear out of sun, wear other sunburn protection. Stop use and seek a doctor's advice if:</li> <li>• Rash or redness occurs.</li> <li>• It causes severe eye irritation. If contact is unavoidable, get medical help or contact a Poison Control Center right away.</li> </ul>	
<b>Directions</b>	
<ul style="list-style-type: none"> <li>• Apply liberally 15 minutes before sun exposure.</li> <li>• Reapply:</li> <li>• After 80 minutes of swimming or sweating.</li> <li>• Immediately after towel drying.</li> <li>• At least every 2 hours.</li> <li>• Sun Protection Measures: Spending time in the sun increases your risk of skin cancer and early skin aging. To decrease this risk, regularly use a sunscreen with a broad spectrum SPF of 15 or higher and other sun protection measures including:</li> <li>• Avoiding the sun, especially from 10 a.m. to 4 p.m.</li> <li>• Wearing wide-brimmed hats, long sleeves, and sunglasses.</li> <li>• Staying in the shade whenever possible.</li> </ul>	
<b>Other Ingredients</b>	
<ul style="list-style-type: none"> <li>• Includes the product's full ingredient list and total wt.</li> </ul>	
<b>Questions or comments?</b>	
<ul style="list-style-type: none"> <li>• Call toll-free 1-800-459-4339.</li> </ul>	



**HAZARDOUS MATERIALS MARKINGS**

<p>Package Orientation (Red or Black)</p> <p>§ 172.312(a)</p>	<p>Keep Away from Heat</p> <p>§ 172.317</p>	<p>Overpack Mark</p> <p>§ 173.25(a)(4)</p>	<p>Fumigant Marking</p> <p>§ 172.302(g) and § 173.9</p>	<p>Material Poisonous by Inhalation</p> <p>§ 172.313(a)</p>
<p>Elevated Temperature Material</p> <p>§ 172.325</p>	<p>UN ID Number Mark</p> <p>§ 172.332(a)</p>	<p>Biological Substances, Category B</p> <p>§ 173.199 (a)(5)</p>	<p>Lithium Battery Handling Mark</p> <p>§ 173.185</p>	<p>Marine Pollutant</p> <p>§ 172.322</p>
<p>Limited Quantity</p> <p>§ 172.315</p>	<p>Biohazard Mark</p> <p>§ 172.323</p>	<p>Petroleum Sour Crude Oil</p> <p>§ 172.327</p>	<p>Excepted Quantity</p> <p>§ 173.4a(g)</p>	

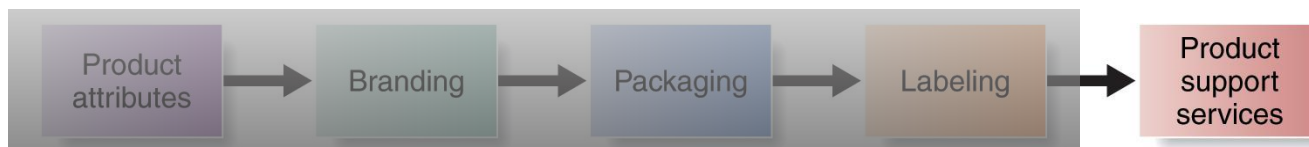




# 1. Individual Product and Service Decisions

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- Product support services
  - Survey customers regularly to assess current customer service
  - Companies use a mix of phone, email, fax, Internet and interactive voice and data technologies







## 2. Product Line Decisions

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- Product line
  - A group of products that are closely related because they may...
    - function in a similar manner
    - are sold to the same customer groups
    - Market through the same types of outlets
    - fall within given price ranges

Ex: Nokia, Toyota, L'Oreal, etc.



## 2. Product Line Decisions

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- Product line length
  - Line stretching: adding products that are higher or lower priced than the existing line
    - Downward- Ex: Daimler Chrysler (Mercedes C-class)
    - Upward- Ex: Toyota (Lexus), Nissan (Infinity)
    - Both directions- Ex: Marriott hotels
  - Line filling: adding more items within the present price range
    - Ex: Sony Walkman line (solar-powered, waterproof, CD, etc.)



## 2. Product Line Decisions

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Mercedes C-class



Toyota - Lexus





## 2. Product Line Decisions

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***Marriott offers a full line of hotel brands,  
each aimed at a different market.***

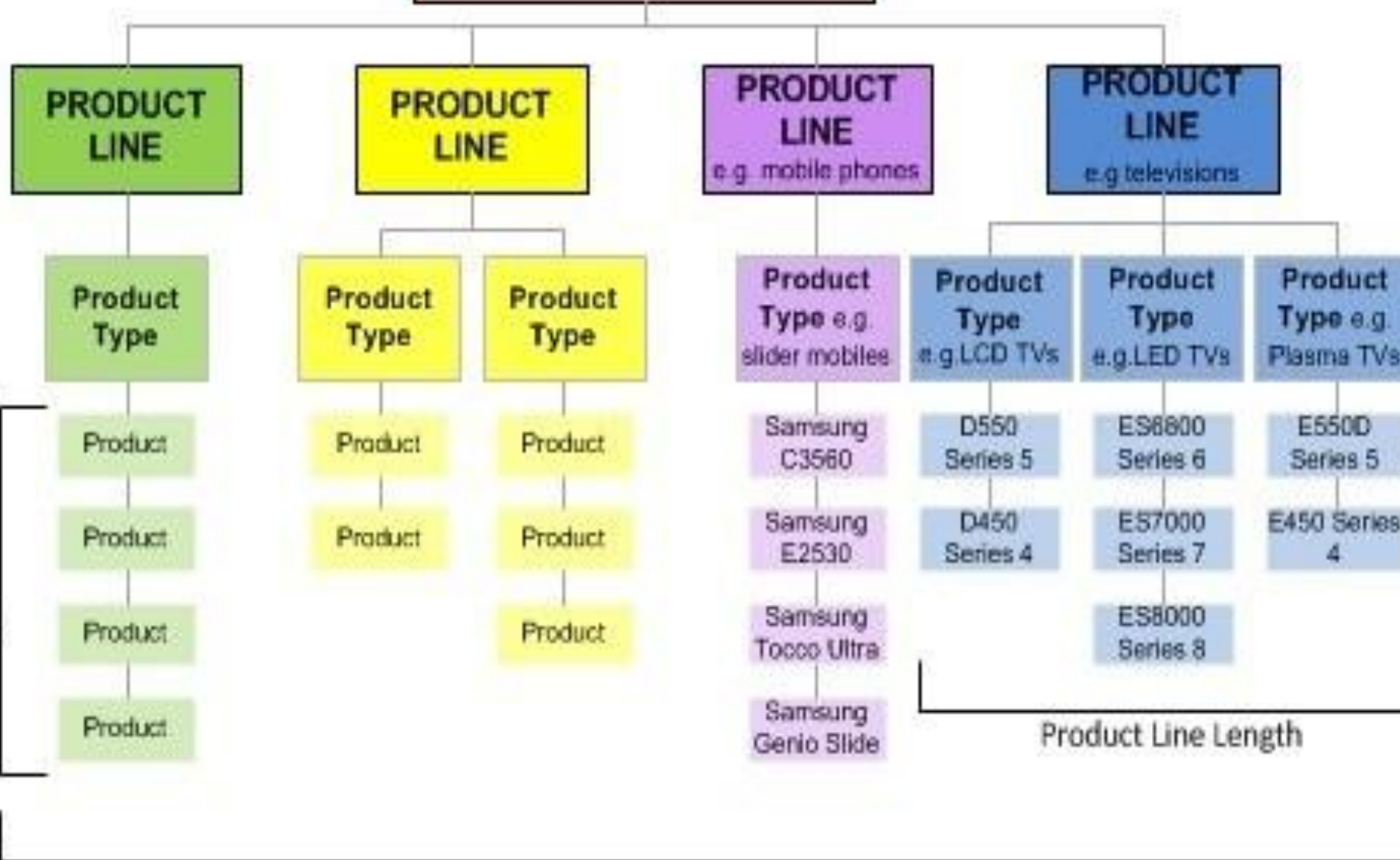


## 3. Product Mix Decisions

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- Product Mix
  - Also known as product assortment
  - Consists of all the product lines and items that a particular seller offers for sale
    - Width: # of product lines
    - Length: # of products in lines
    - Depth: # of versions of each product carried
    - Consistency: how closely related the product lines are

# PRODUCT MIX



Product Line Depth

Product Line Length

Product Mix Width

# PRODUCT RANGE

Product Mix



BASKETBALL



Soccer



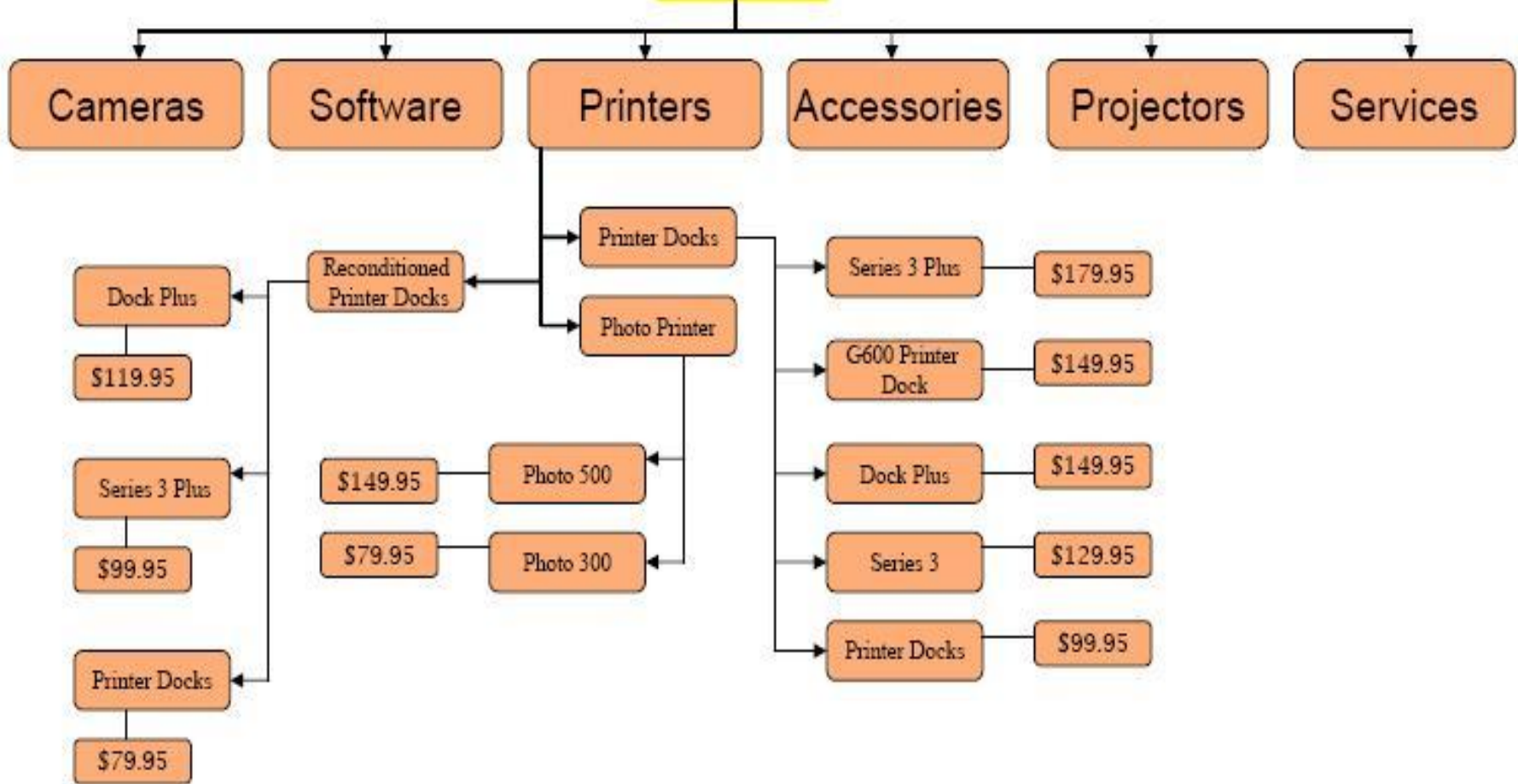
Clothing



Product Line



# Product Hierarchy







# Branding Strategy: Building Strong Brand

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- 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
  - High credibility



# Branding Strategy: Building Strong Brand

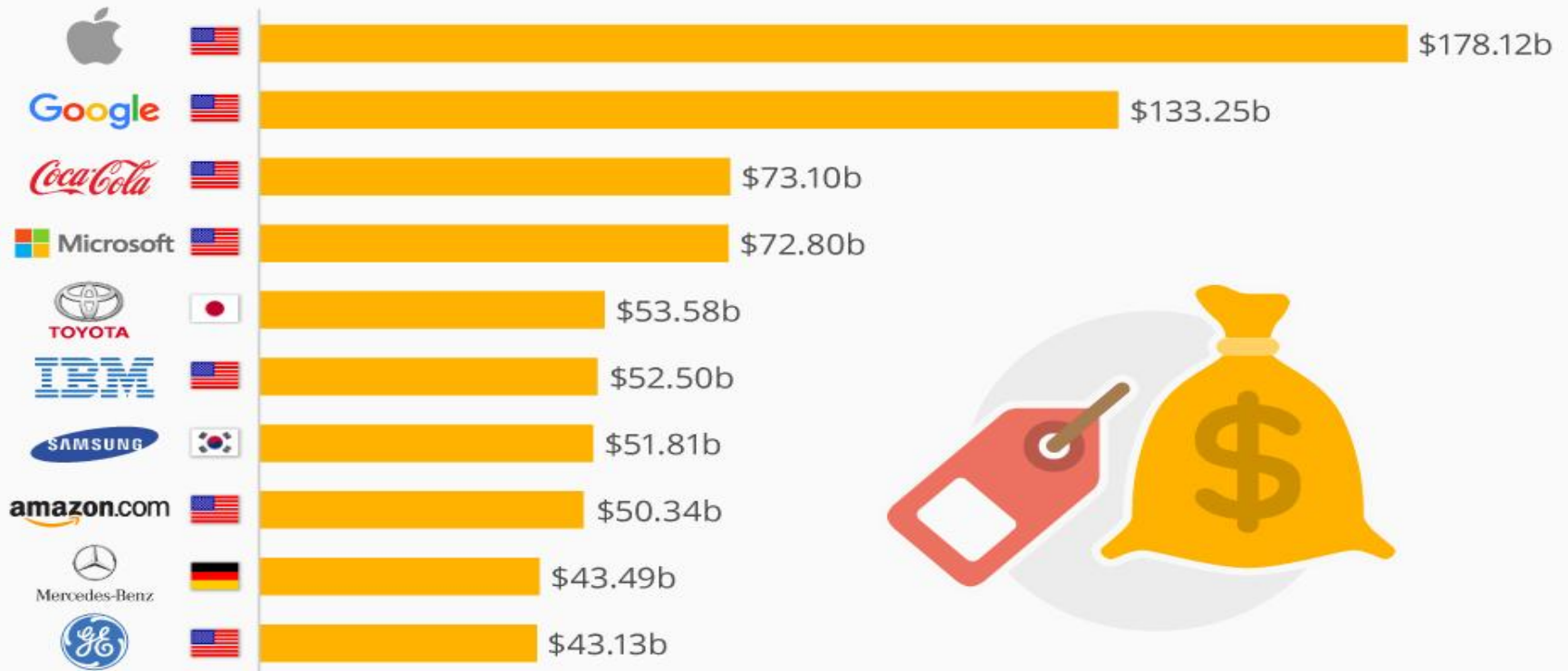
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- Brand Loyalty
  - Willingness to re-purchase due to favorable brand impressions
- Brand Equity
  - The positive effect that knowing the brand name has on consumer response to the product.
  - Psychological Value
  - Financial Value
- The Link between Brand Loyalty & Brand Equity

# Branding Strategy: Building Strong Brand

## The World's Most Valuable Brands

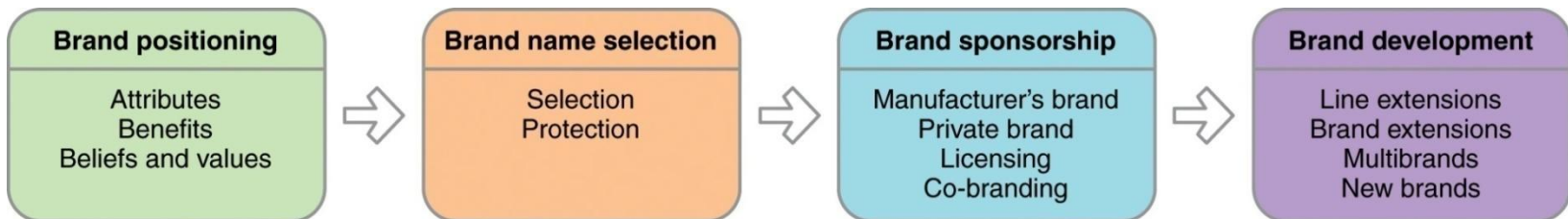
Estimated value of the world's most valuable brands in 2016





# Major Brand Strategy Decisions

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# Brand Positioning

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- Brands can be positioned at three levels:
  - Product features/ attributes
    - Least desirable
    - Easily copied
  - Brand benefits
    - i.e. Volvo (safety), Nike (Performance), Lexus (quality)
  - Beliefs and values
    - Hits consumers on a deeper level, tapping emotions.



# Brand Name Selection

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## Good Brand Names:

- Suggest something about the product or its benefits
- Are easy to say, recognize and remember
- Are distinctive
- Are extendable into different product lines (i.e. facilitate brand extensions).
- Translate well into other languages
- Can be registered and legally protected





# Brand Sponsorship

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- Manufacturer's brands
  - Also called "National Brands" (Tide, Coke, Pringles, etc.)
- Private (store) brands
  - Costly to establish and promote
  - Higher profit margins
- Licensed brands
  - Name and character licensing has grown
- Co-branding
  - Advantages/ disadvantages



# Brand Development

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- Line extensions
  - Minor changes to existing products
- Brand extensions
  - Successful brand names help introduce new products
- Multibrands
  - Multiple product entries in a product category
    - Example: Toyota sells Corolla, Camry, Scion, Yarris
- New brands
  - New product category





# Brand Development Strategies

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		Product Category	
		Existing	New
Brand Name	Existing	Line extension	Brand extension
	New	Multibrands	New brands

# Brand Development Strategies



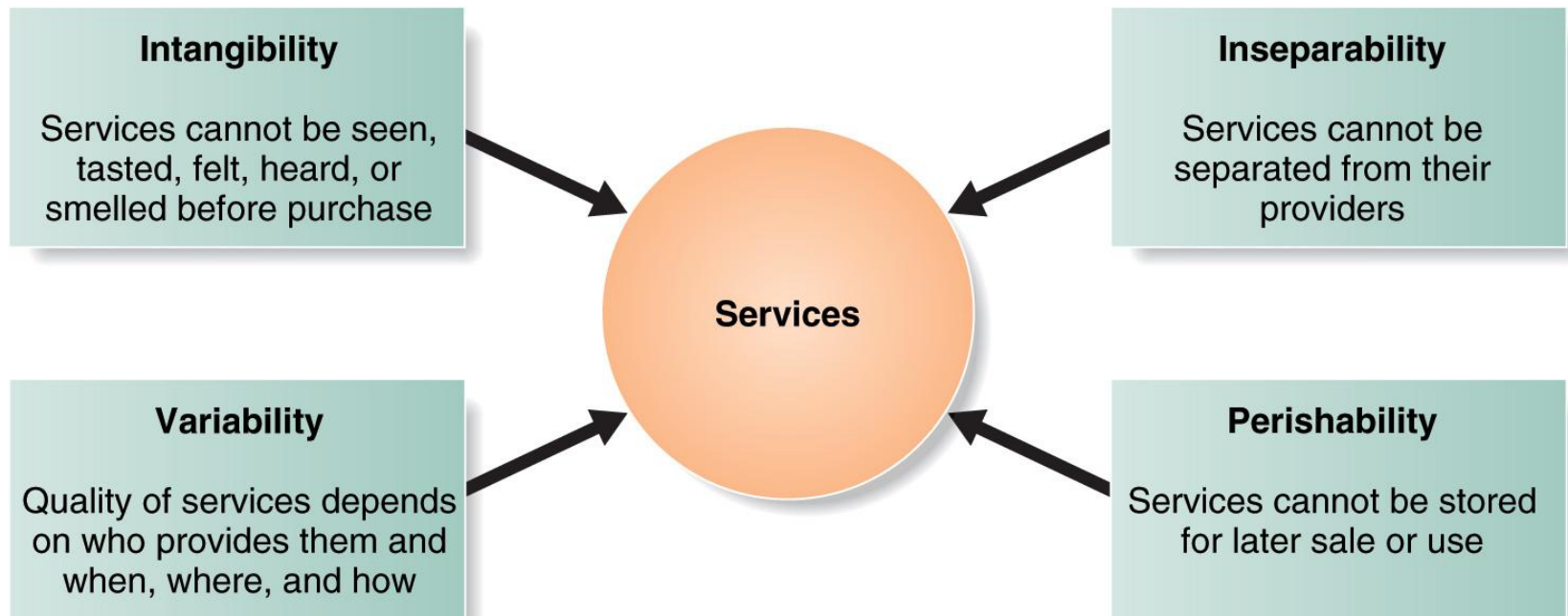
Source : Kotler, A, 2010, *Principles of Marketing* Fourteenth Edition, Prentice Hall: USA



# Services Marketing

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- Four Service Characteristics



# Four Service Characteristics – Restaurant Example

How do the service characteristics of **intangibility, variability, inseparability, and perishability** relate to restaurants?

