

# *Product, Services, and Branding Strategy*

## Lesson 7

# Definitions

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

# What is a Product?

- **Products, Services, and Experiences**
  - Market offerings may consist of a combination of goods and services
  - Experiences are used to differentiate offerings
- **Levels of Product and Services**
  - Core benefit, actual and augmented product
- **Product and Service Classifications**
  - Consumer products and industrial products

# What is a Product?

## Types of Consumer Products

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- *Convenience*
- *Shopping*
- *Specialty*
- *Unsought*

- Frequent purchases bought with minimal buying effort and little comparison shopping
- Low price
- Widespread distribution
- Mass promotion by producer

# What is a Product?

## Types of Consumer Products

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- *Convenience*
- *Shopping*
- *Specialty*
- *Unsought*

- Less frequent purchases
- More shopping effort for comparisons.
- Higher than convenience good pricing
- Selective distribution in fewer outlets
- Advertising and personal selling

# What is a Product?

## Types of Consumer Products

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- *Convenience*
- *Shopping*
- *Specialty*
- *Unsought*

- Strong brand preference and loyalty, requires special purchase effort, little brand comparisons, and low price sensitivity
- High price
- Exclusive distribution
- Carefully targeted promotions

# What is a Product?

## Types of Consumer Products

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- *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

# Product and Service Classifications

- **Consumer products**
- **Industrial products**
  - **Materials and parts**
  - **Capital items**
  - **Supplies and services**

# Product and Service Classifications

- **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 promotes ideas**

# Product and Service Decisions

## Key Decisions

- *Individual Product*
  - *Product Line*
  - *Product Mix*
- **Product attributes**
    - Quality, features, style and design
  - **Branding**
  - **Packaging**
  - **Labelling**
  - **Product support services**

# Product and Service Decisions

## Key Decisions

- *Individual Product*

- *Product Line*

- *Product Mix*

- **Product line**

- A group of products that are closely related because they may:

- *function in a similar manner*
- *be sold to the same customer groups,*
- *be marketed through the same types of outlets*
- *fall within given price ranges*

# Product and Service Decisions

## Key Decisions

- *Individual Product*
  - *Product Line*
  - *Product Mix*
- **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

# Product and Service Decisions

## Key Decisions

- *Individual Product*
  - *Product Line*
  - *Product Mix*
- **Product mix**
    - Also known as product assortment
    - Consists of all the product lines and items that a particular seller offers for sale

# Product and Service Decisions

## Key Decisions

- *Individual Product*
  - *Product Line*
  - *Product Mix*
- **Product mix width:**
    - Number of different product lines carried by company
  - **Product mix depth:**
    - Number of different versions of each product in the line
  - **Product mix consistency**

# Branding Strategy

- **Brand equity is the positive differential effect that knowing the brand name has on customer response to the product or service**
- **One measure of equity is the extent to which customers are willing to pay more for the brand**
- **Brand valuation is the process of estimating the total financial value of a brand**

# 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

# Brand Strategy

## Key Decisions

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- *Brand Positioning*
  - *Brand Name Selection*
  - *Brand Sponsorship*
  - *Brand Development*
- **Three levels of positioning:**
    - **Product attributes**
      - Least effective
    - **Benefits**
    - **Beliefs and values**
      - Taps into emotions

# Brand Strategy

## Key Decisions

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

- **Good Brand Names:**
  - Suggest something about the product or its benefits
  - Are easy to say, recognize and remember
  - Are distinctive
  - Are extendable
  - Translate well into other languages
  - Can be registered and legally protected

# Brand Strategy

## Key Decisions

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

- **Manufacturer brands**
- **Private (store) brands**
  - Costly to establish and promote
  - Higher profit margins
- **Licensed brands**
  - Name and character licensing has grown
- **Co-branding**
  - Advantages / disadvantages

# Brand Strategy

## Key Decisions

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- *Brand Positioning*
  - *Brand Name Selection*
  - *Brand Sponsorship*
  - *Brand Development*
- **Line extensions**
    - Minor changes to existing products
  - **Brand extensions**
    - Successful brand names help introduce new products
  - **Multibrands**
    - Multiple product entries in a product category
  - **New brands**
    - New product category

# Services Marketing

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

# Characteristics of Services

- **Intangibility**
  - Consumers look for service quality signals
- **Inseparability**
  - Services can't be separated from providers
- **Variability**
  - Employees and other factors result in variability
- **Perishability**
  - Services can't be inventoried for later sale

# Service Firm Marketing Strategies

- **The Service-Profit Chain**
  - Internal Marketing
  - Interactive Marketing
- **Managing Service Differentiation**
- **Managing Service Quality**
- **Managing Service Productivity**