

Kotler
Keller

12
Setting Product Strategy



Chapter Questions

- What are the characteristics of products and how do marketers classify products?
- How can companies differentiate products?
- Why is product design important and what factors affect a good design?



Chapter Questions

- How can a company build and manage its product mix and product lines?
- How can companies combine products to create strong co-brands or ingredient brands?
- How can companies use packaging, labeling, warranties, and guarantees as marketing tools?



What is a Product?

A **product** is anything that can be offered to a market to satisfy a want or need, including physical goods, services, experiences, events, persons, places, properties, organizations, information, and ideas.

Figure 12.1 Components of the Market Offering

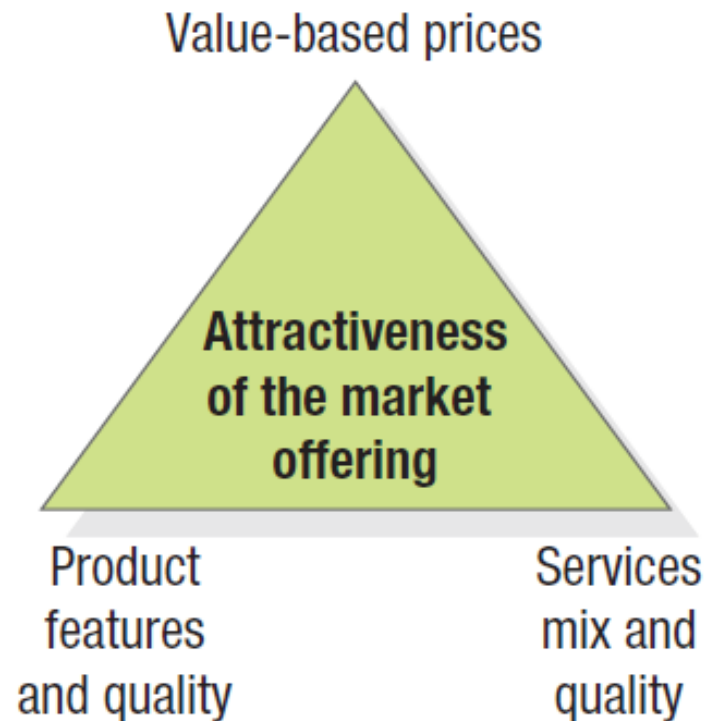
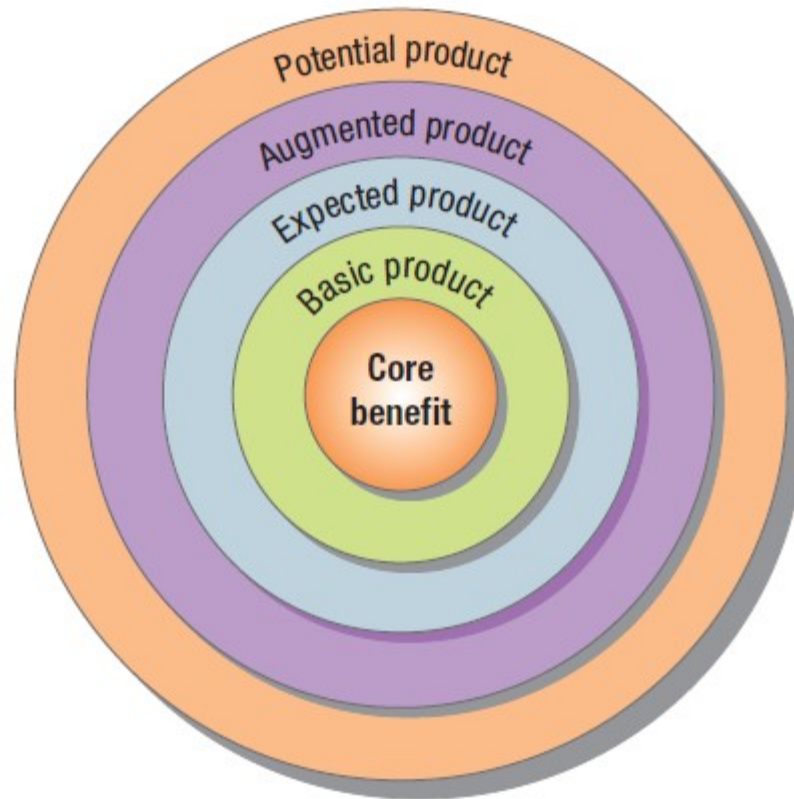
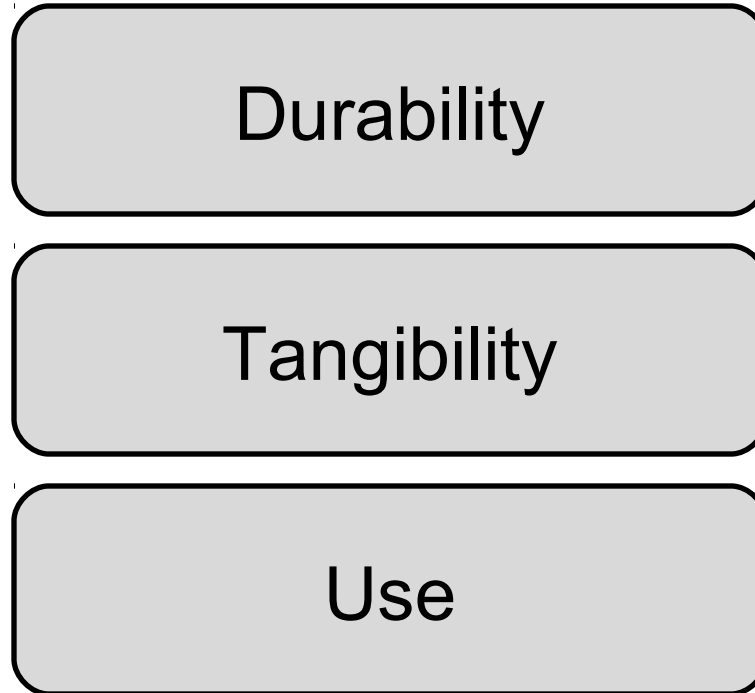


Figure 12.2 Five Product Levels





Product Classification Schemes





Durability and Tangibility

Nondurable goods

Durable goods

Services



Consumer Goods Classification





Industrial Goods Classification

- Materials and parts
- Capital items
- Supplies/business services



Product Differentiation

- Product form
- Features
- Customization
- Performance
- Conformance
- Durability
- Reliability
- Repairability
- Style



Service Differentiation

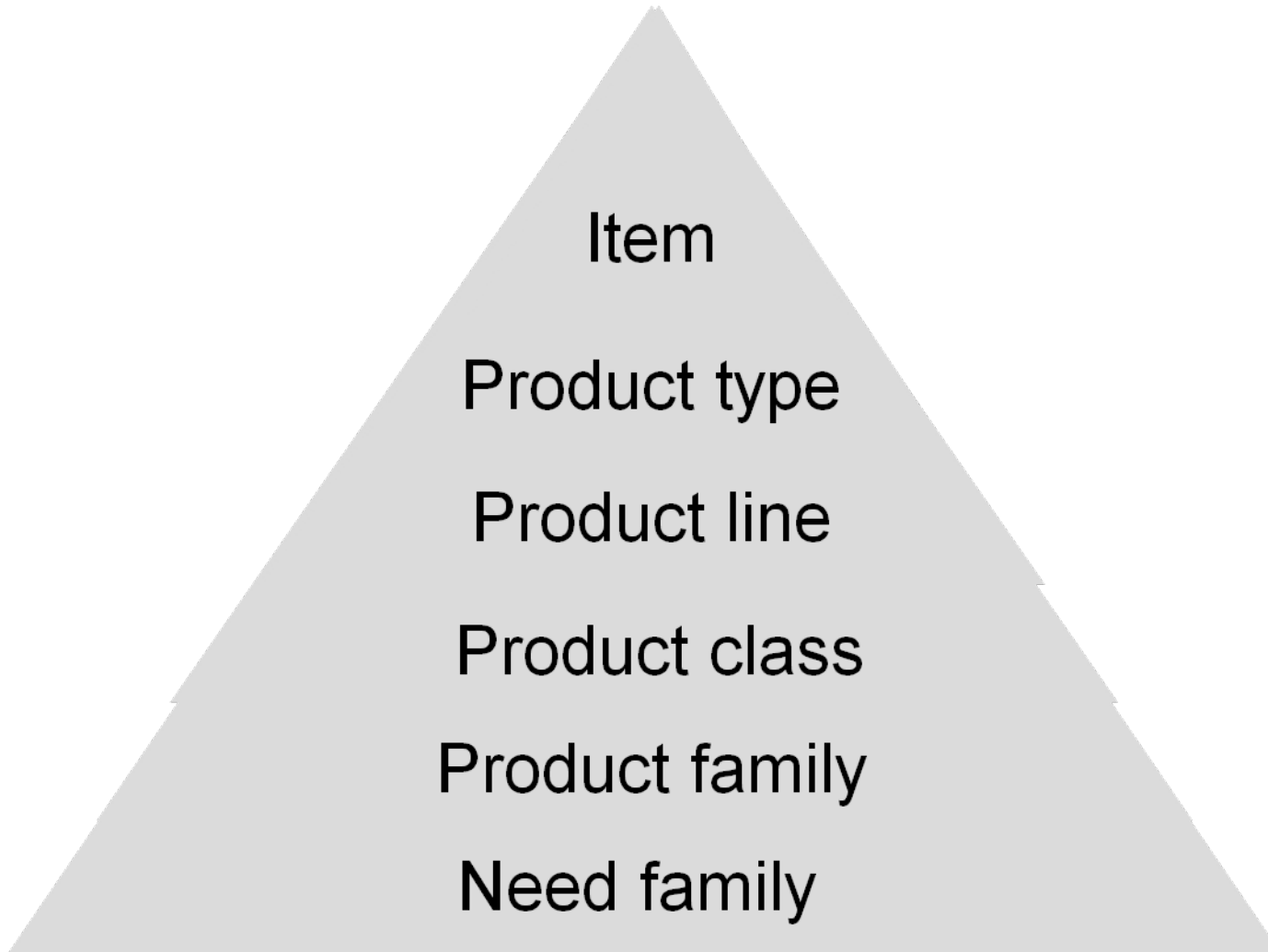
- Ordering ease
- Delivery
- Installation
- Customer training
- Customer consulting
- Maintenance and repair
- Returns



Design



The Product Hierarchy



Product Systems and Mixes

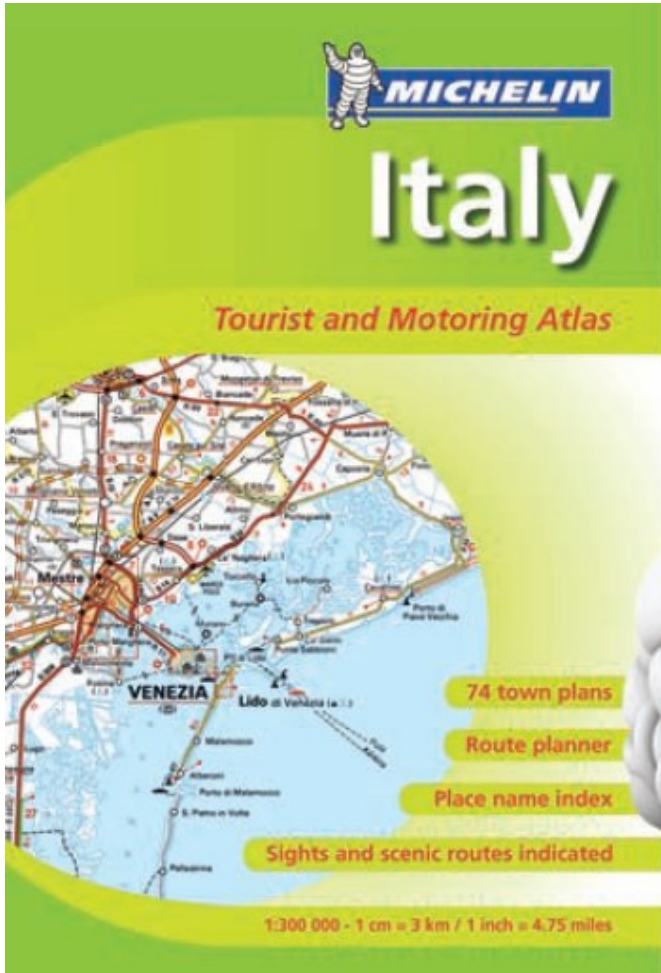


Figure 12.3 Product-Item Contributions to a Product Line's Total Sales and Profits

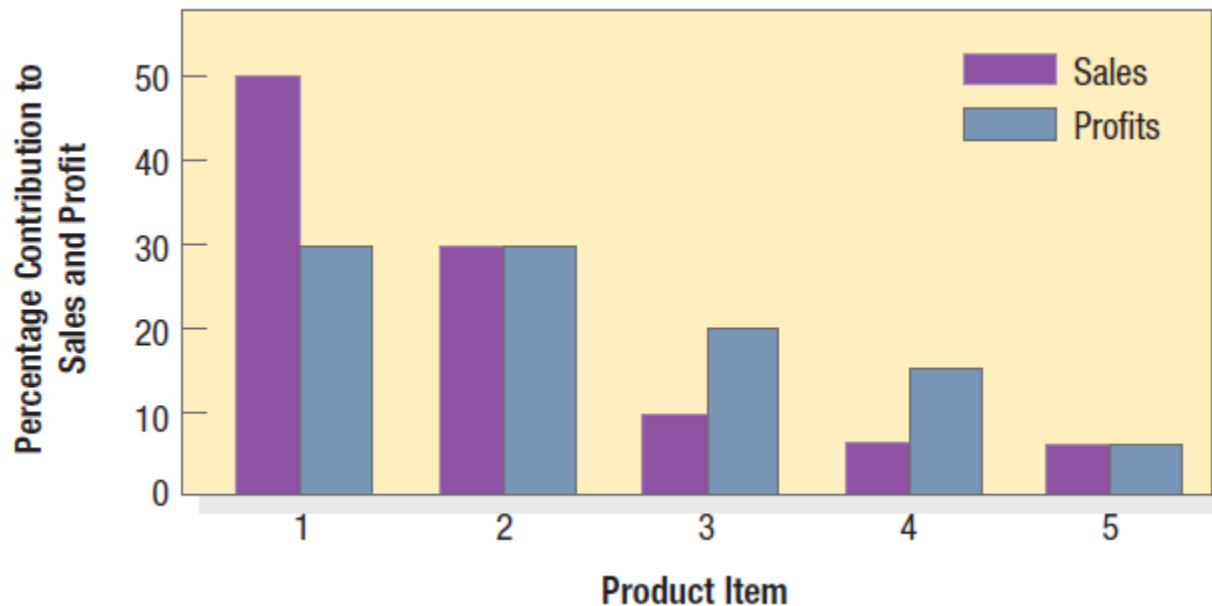
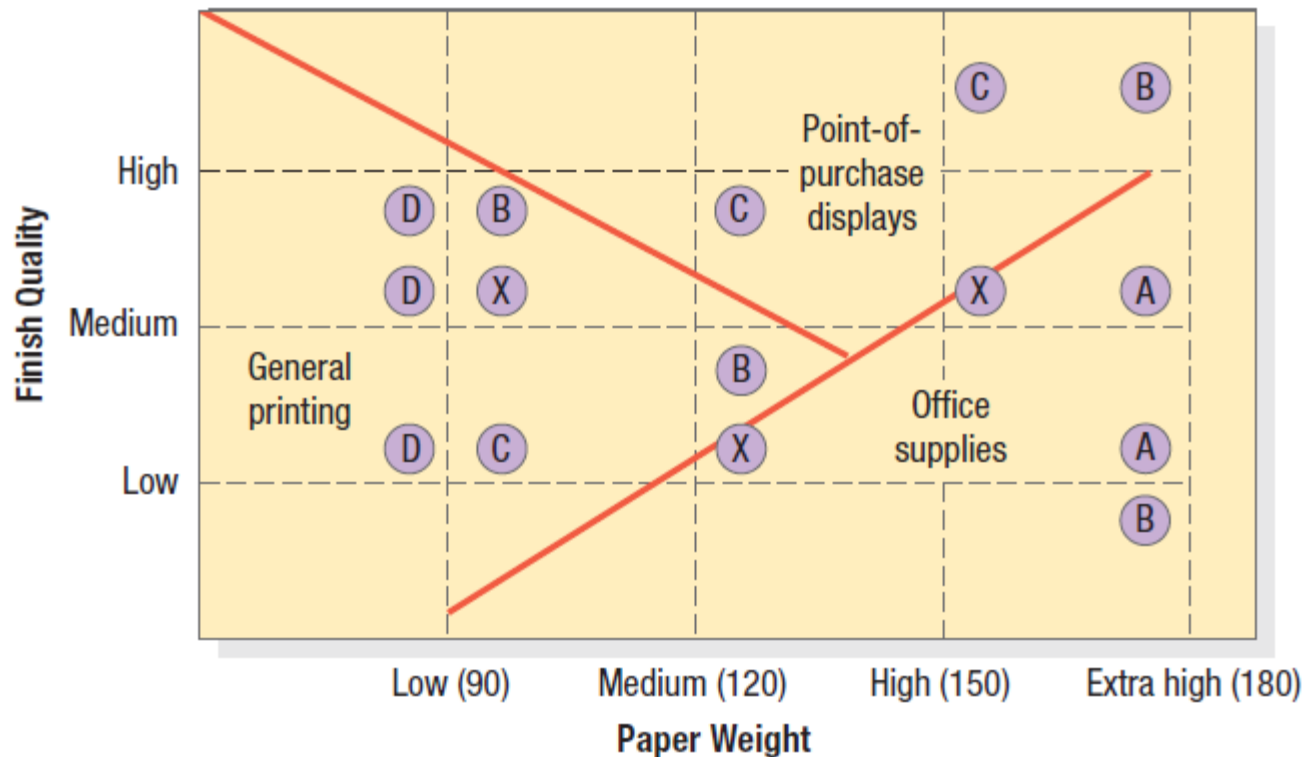


Figure 12.4 Product Map for a Paper-Product Line





Line Stretching

Down-Market Stretch

Up-Market Stretch

Two-Way Stretch



Product-Mix Pricing

- Product-line pricing
- Optional-feature pricing
- Captive-product pricing
- Two-part pricing
- By-product pricing
- Product-bundling pricing

Ingredient Branding



What is the Fifth P?

Packaging, sometimes called the 5th P, is all the activities of designing and producing the container for a product.





Factors Contributing to the Emphasis on Packaging

- Self-service
- Consumer affluence
- Company/brand image
- Innovation opportunity



Packaging Objectives

- Identify the brand
- Convey descriptive and persuasive information
- Facilitate product transportation and protection
- Assist at-home storage
- Aid product consumption

Functions of Labels





For Review

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Also For Review

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