

PRINCIPLES OF  
**Marketing**

## **Chapter Eight**

### **Products, Services, and Brands: Building Customer Value**



# Product, Services, and Branding Strategy

## Topic Outline

- What Is a Product?
- Product and Services Decisions
- Branding Strategy: Building Strong Brands
- Services Marketing



# What Is a Product?

## Products, Services, and Experiences

**Product** is anything that can be offered in a market for attention, acquisition, use, or consumption that might satisfy a need or want

**Service** is a form of product that consists of activities, benefits, or satisfaction offered for sale and are essentially intangible and don't result in the ownership of anything.

**Experiences** represent what buying the product or service will do for the customer



- Product is a key element in the overall market offering. Marketing mix planning begins with formulating the offering that brings value to target customers. This offering becomes the basis upon which the company builds profitable relationship with customers.
- A company's market offering often includes both tangible goods and services. The offer may consist of a pure tangible good, at the other extreme are pure service. Between these 2 extremes, many goods and services combinations are possible.





A \_\_\_\_\_ is anything that can be offered to a market that might satisfy a need or a want.

1. position
2. product
3. promotion
4. none of the above



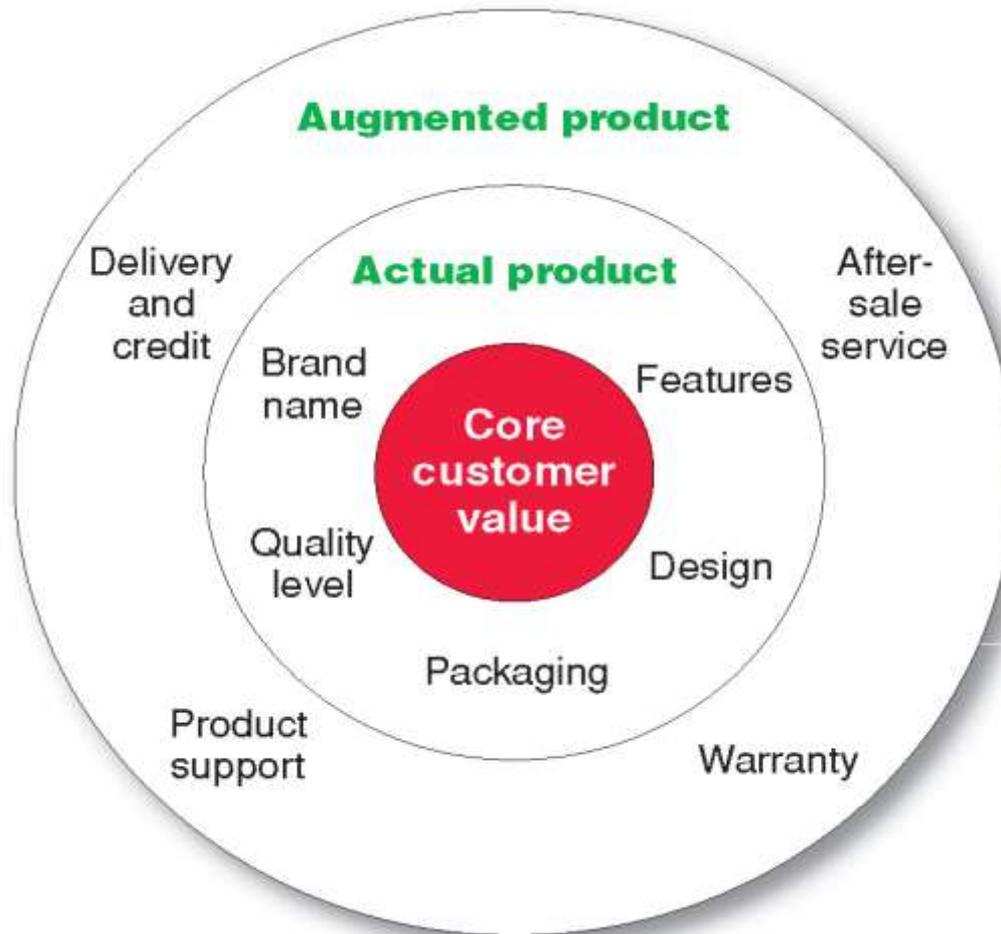
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4. none of the above



# What Is a Product?

## Levels of Product and Services



- Consumers see products as complex bundles of benefits that satisfy their needs.





The most basic level of a product is called its

\_\_\_\_\_.

1. augmented product
2. actual product
3. core benefit
4. position



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\_\_\_\_\_.

1. augmented product
2. actual product
3. core benefit
4. position

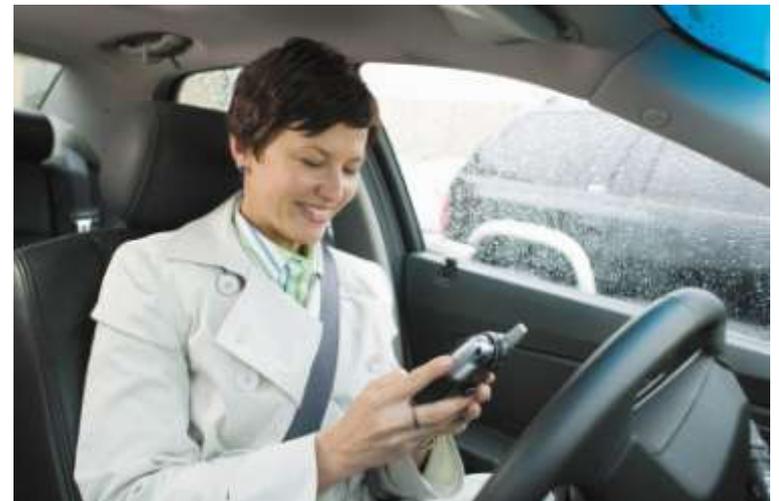


# What Is a Product?

## Product and Service Classifications

Consumer products

Industrial products



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# What Is a Product?

## Product and Service Classifications

- Consumer products are products and services bought by final consumers for personal consumption
- Classified by how consumers buy them
  - Convenience products
  - Shopping products
  - Specialty products
  - Unsought products



# What Is a Product?

## Product and Service Classifications

**Convenience products** are consumer products and services that the customer usually buys frequently, immediately, and with a minimum comparison and buying effort

- Newspapers
- Candy
- Fast food



# What Is a Product?

## Product and Service Classifications

**Shopping products** are consumer products and services that the customer compares carefully on suitability, quality, price, and style

- Furniture
- Cars
- Appliances



# What Is a Product?

## Product and Service Classifications

**Specialty products** are consumer products and services with unique characteristics or brand identification for which a significant group of buyers is willing to make a special purchase effort

- Medical services
- Designer clothes
- High-end electronics



# What Is a Product?

## Product and Service Classifications

**Unsought products** are consumer products that the consumer does not know about or knows about but does not normally think of buying

- Life insurance
- Funeral services
- Blood donations



# What Is a Product?

## Product and Service Classifications

**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





Types of consumer products include convenience products, shopping products, specialty products, and \_\_\_\_\_ products.

1. unique
2. luxury
3. unsought
4. all of the above



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1. unique
2. luxury
3. unsought
4. all of the above





\_\_\_\_\_ products are purchased frequently,  
with little comparison or shopping effort.

1. Convenience
2. Shopping
3. Industrial
4. Unsought



\_\_\_\_\_ products are purchased frequently,  
with little comparison or shopping effort.

1. Convenience
2. Shopping
3. Industrial
4. Unsought





Consumer product with unique brand identification for which buyers are willing to make a special purchase effort is called \_\_\_\_\_ product.

1. convenience
2. shopping
3. specialty
4. unsought



Consumer product with unique brand identification for which buyers are willing to make a special purchase effort is called \_\_\_\_\_ product.

1. convenience
2. shopping
3. specialty
4. unsought





\_\_\_\_\_ products are those purchased for further processing or for use in conducting a business.

1. Industrial
2. Shopping
3. Unsought
4. Physical



\_\_\_\_\_ products are those purchased for further processing or for use in conducting a business.

1. Industrial
2. Shopping
3. Unsought
4. Physical



# What Is a Product?

## Product and Service Classifications

**Capital items** are industrial products that aid in the buyer's production or operations

**Materials and parts** include raw materials and manufactured materials and parts usually sold directly to industrial users

**Supplies and services** include operating supplies, repair and maintenance items, and business services





Your visit to a doctor's office is an example of a \_\_\_\_\_.

1. pure tangible good
2. pure intangible good
3. unsought product
4. impure tangible good



Your visit to a doctor's office is an example of a \_\_\_\_\_.

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2. pure intangible good
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# What Is a Product?

## Organizations, Persons, Places, and Ideas

- In addition to tangible products and services, marketers have broadened the concept of a product to include other market offerings; organizations, persons, places and ideas.
- **Organization marketing** consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward an organization. Business firms sponsor public relations or corporate image advertizing campaigns to polish their images and market themselves.



# What Is a Product?

## Organizations, Persons, Places, and Ideas



**Person marketing** consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward particular people. sometimes used to build reputation.



# What Is a Product

## Organizations, Persons, Places, and Ideas

**Place marketing** consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward particular places or destinations.

Ideas can also be marketed.

**Social marketing** is the use of commercial marketing concepts and tools in programs designed to influence individuals' behavior to improve their well-being and that of society

Social marketing goes well beyond the promotional P of the marketing mix to include every other element to achieve its social change objectives.



# Product and Service Decisions

Marketers make product and service decisions at three levels:

- Individual product decisions
- Product line decisions
- product Mix decisions

## I-Individual Product and Service Decisions



# Product and Service Decisions



## Individual Product and Service Decisions

**Product attributes** are the benefits of the product or service

- Quality
- Features
- Style and design



# Product and Service Decisions

## Individual Product and Service Decisions

Product quality is one of the marketer's major positioning tools, it includes level and consistency.

- **Quality level** is the level of quality that supports the product's positioning (TQM)
- **Conformance quality** is the product's freedom from defects and consistency in delivering a targeted level of performance





The two dimensions of product quality are \_\_\_\_\_ and \_\_\_\_\_.

1. value; features
2. style; design
3. level; consistency
4. style; value



The two dimensions of product quality are \_\_\_\_\_ and \_\_\_\_\_.

1. value; features
2. style; design
3. level; consistency
4. style; value



# Product and Service Decisions

## Individual Product and Service Decisions

**Product features** are a competitive tool for differentiating a product from competitors' products

Product features are assessed based on the value to the customer versus the cost to the company



# Product and Service Decisions

## Individual Product and Service Decisions

We've remodeled the most important parts of your kitchen.



obsolete, it's to make them better. If we can't make them better, we don't make them at all. Pick up OXO Good Grips® and you'll feel what we mean. They're easy to hold, easy to use and easy to love. In fact, they might just change the way you feel about your kitchen.

We've remodeled the peeler. We've remodeled the garlic press, the can opener and the wooden spoon. And we didn't stop there. Any kitchen tools that weren't comfortable or easy to use were fair game. The idea isn't to make the old tools

**OXO GOODGRIPS**  
For Monitors call 1-800-543-4411

**Style** describes the appearance of the product

**Design** contributes to a product's usefulness as well as to its looks

Good design begins with a deep understanding of customer needs. Designers should concentrate on how customers will use and benefit from the product.



# Product and Service Decisions

## Individual Product and Service Decisions

**Brand** is the name, term, sign, or design—or a combination of these—that identifies the maker or seller of a product or service

Brand equity is the differential effect that the brand name has on customer response to the product and its marketing



- Branding help Buyers in many ways:
  - Identify products that might benefit them.
  - Brands say something about product quality and consistency
- Branding help sellers in many ways:
  - Legal protection for unique product features.
  - Basis upon which the product's special qualities are built .
  - Help in segmenting markets.

Building and managing brands are one of the most important tasks of a marketer.



# Product and Service Decisions

## Individual Product and Service Decisions



**Packaging** involves designing and producing the container or wrapper for a product.

Packages nowadays attract attention, describe the product and make the sale.

**Labels** identify the product or brand, describe attributes, and provide promotion.

Labels have been affected by unit pricing, open dating and nutritional labeling.

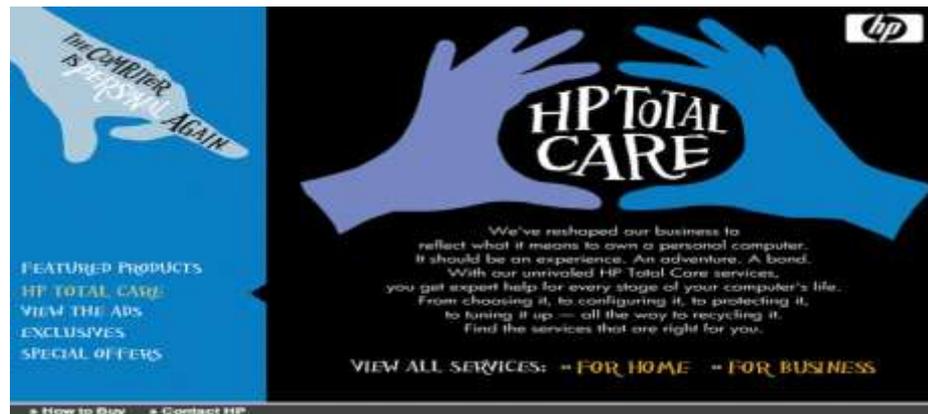


# Product and Service Decisions

## Individual Product and Service Decisions

Product support services augment actual products

- Survey customers periodically
- Assess costs
- Develop a package of services that will delight customers and yield profit.
- Sophisticated mix of interactive technologies to provide support services.



The advertisement features a blue background on the left and a black background on the right. On the left, a hand icon is shown with the text "The COMPUTER IS SPECIAL AGAIN". Below this, there are links for "FEATURED PRODUCTS", "HP TOTAL CARE", "VIEW THE ADS", "EXCLUSIVES", and "SPECIAL OFFERS". At the bottom left, there are links for "How to Buy" and "Contact HP". On the right, two hands are shown holding a central circle containing the text "HP TOTAL CARE". Below this, there is a paragraph of text: "We've reshaped our business to reflect what it means to own a personal computer. It should be an experience. An adventure. A bond. With our unrivaled HP Total Care services, you get expert help for every stage of your computer's life. From choosing it, to configuring it, to protecting it, to tuning it up — all the way to recycling it. Find the services that are right for you." At the bottom right, there are links for "VIEW ALL SERVICES: - FOR HOME - FOR BUSINESS". The HP logo is in the top right corner.





A(n) \_\_\_\_\_ is a name, term, sign, symbol, or combination of these intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

1. package
2. position
3. image
4. brand



A(n) \_\_\_\_\_ is a name, term, sign, symbol, or combination of these intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

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2. position
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4. brand





The designing and producing of the container or wrapper for a product is called \_\_\_\_\_.

1. packaging
2. labeling
3. manufacturing
4. industrial design



The designing and producing of the container or wrapper for a product is called \_\_\_\_\_.

1. packaging
2. labeling
3. manufacturing
4. industrial design



# Product and Service Decisions

## II- Product Line Decisions

**Product line** is 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 and Service Decisions

## Product Line Decisions

**Product line length** is the number of items in the product line

- Line stretching ( beyond its current range, downward, upward or both directions)
- Line filling (adding more items within the present range of the line) reasons are:
  - extra profits
  - satisfying dealers
  - using excess capacity
  - plugging holes to keep out competitors
  - being the leading full line company.

—





A company can lengthen its product line by \_\_\_\_\_ it or by \_\_\_\_\_ it.

1. modifying; stretching
2. stretching; switching
3. filling; stretching
4. brushing; combing



A company can lengthen its product line by \_\_\_\_\_ it or by \_\_\_\_\_ it.

1. modifying; stretching
2. stretching; switching
3. filling; stretching
4. brushing; combing





# Product and Service Decisions

## III- Product Mix Decisions

**Product mix** consists of all the products and items that a particular seller offers for sale

- Width(no. of product lines)
- Length(no. of items within a line)
- Depth(no. of versions of each product)
- Consistency(how are product lines closely related in end use)





Which of the following is *not* a dimension in a company's product mix?

1. Width
2. Depth
3. Consistency
4. Age



Which of the following is *not* a dimension in a company's product mix?

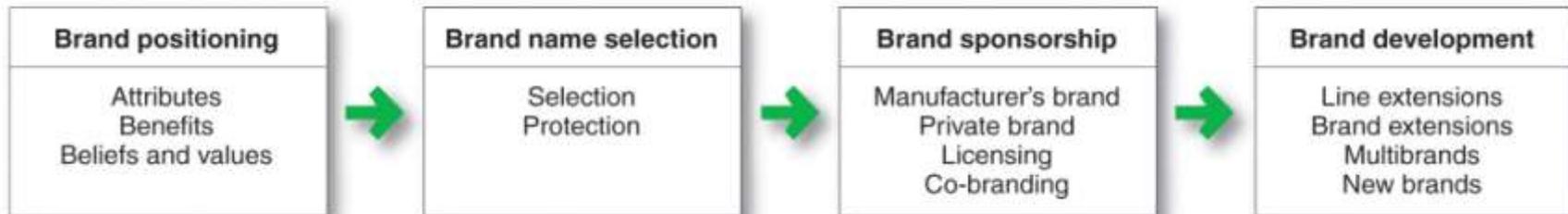
1. Width
2. Depth
3. Consistency
4. Age



# Branding Strategy: Building Strong Brands

**Brand** represents the consumer's perceptions and feelings about a product and its performance. It is the company's promise to deliver a specific set of features, benefits, services, and experiences consistently to the buyers

1- Brand equity: the positive differential effect that knowing the brand name has on customer response to the product or service.



- High brand equity provides a company with many competitive advantages:
  - High level of consumer brand awareness and loyalty.
  - More leverage in bargaining with resellers
  - High credibility
  - The company can easily launch line and brand extensions.
  - Defence against fierce competition
  - Basis for building strong and profitable customer relationships.



# Branding Strategy: 2- Building Strong Brands

## A-Brand Positioning



Brand strategy decisions include:

- Product attributes
- Product benefits
- Product beliefs and values

*Establish a mission for the brand and a vision for what the brand must be and do. A brand is the company's promise to deliver a specific set of features, benefits, services and experiences consistently to buyers. The promise must be simple and honest.*



# Branding Strategy: Building Strong Brands

## B- Brand Name Selection

Begins with:

A careful review of the product and its benefits, the target market and proposed market strategies.

### \*Desirable qualities

1. Suggest benefits and qualities
2. Easy to pronounce, recognize, and remember
3. Distinctive
4. Extendable
5. Translatable for the global economy
6. Capable of registration and legal protection.

Once chosen, the brand name must be protected.



# Branding Strategy: Building Strong Brands

## C- Brand Sponsorship

Manufacturer's brand

Private brand (hard to establish, costly to stock and promote)

Licensed brand (celebrities and characters)

Co-brand (advantages and disadvantages)



# Branding Strategy: Building Strong Brands

## D- Brand Development Strategies

		Product category	
		Existing	New
Brand name	Existing	Line extension	Brand extension
	New	Multibrands	New brands



**a. Line extension – occurs when a company extends existing brand names to new forms, colors, sizes, ingredients or flavors of an existing product category.**

**Ex. Creamsilk – hair full, glossy shine, ...etc.**



**b. Brand extension – extends a current brand name to new or modified products in a new category/categories.**

**Ex. Huggies brand from disposable diapers to a full line of toiletries, such as huggies shampoos, lotions, baby wash, disposable changing pads**



**c. Multibranding – offers a way to establish different features and appeal to different buying motives.**

**Ex. Procter & Gamble markets many brands in each of its product categories.**

**d. New brand – create a new brand name when it enters a new product category.**





A good brand name should do which of the following?

1. Suggest something about the product's benefits
2. Be easy to translate into other languages
3. Be capable of registration and legal protection
4. All of the above



A good brand name should do which of the following?

1. Suggest something about the product's benefits
2. Be easy to translate into other languages
3. Be capable of registration and legal protection
4. All of the above





A \_\_\_\_\_ brand is created by a reseller of a product or service.

1. private
2. tangible
3. value
4. shopping



A \_\_\_\_\_ brand is created by a reseller of a product or service.

1. private
2. tangible
3. value
4. shopping





Purina Tuna would be a poor attempt at a

\_\_\_\_\_.

1. specialty good
2. brand extension
3. multibrand
4. new brand



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# Services Marketing

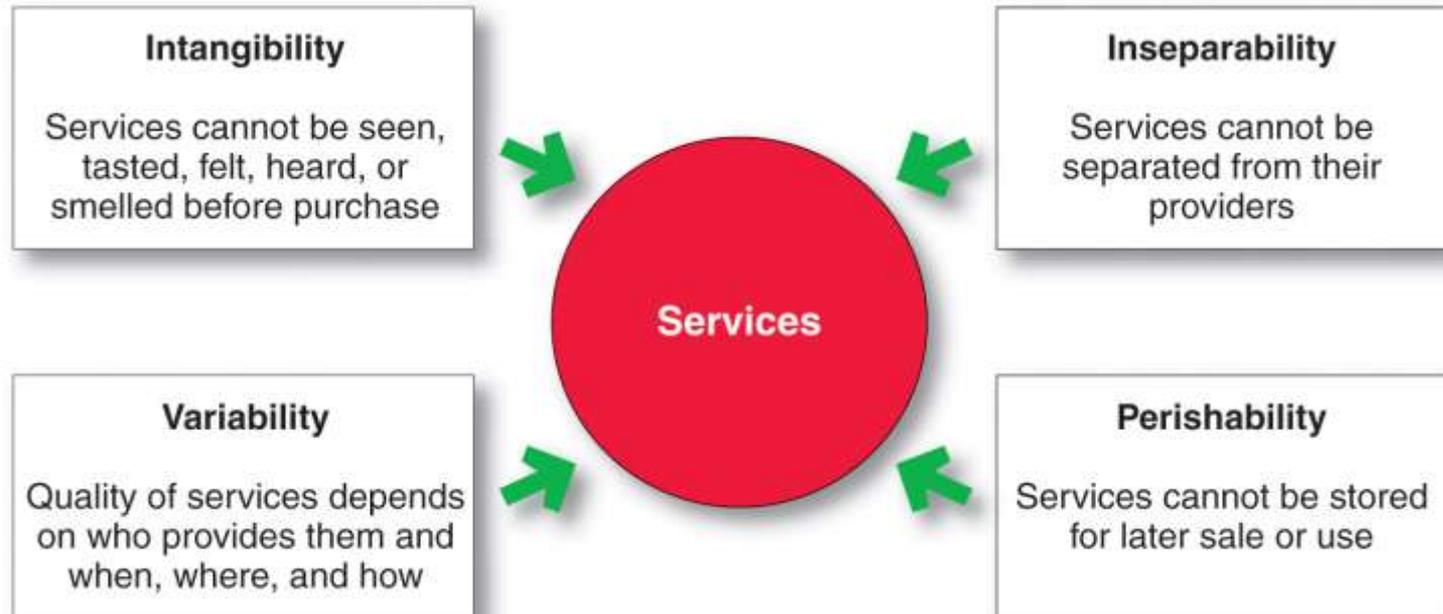
## Types of Service Industries

- Government
- Private not-for-profit organizations
- Business services



# Services Marketing

## Nature and Characteristics of a Service





Which of the following is *not* a special characteristic of service?

1. Tangibility
2. Inseparability
3. Variability
4. Perishability



Which of the following is *not* a special characteristic of service?

1. Tangibility
2. Inseparability
3. Variability
4. Perishability



# Services Marketing

## Marketing Strategies for Service Firms



In addition to traditional marketing strategies, service firms often require additional strategies

- Service-profit chain
- Internal marketing
- Interactive marketing



# Services Marketing

## Marketing Strategies for Service Firms

**Service-profit chain** links service firm profits with employee and customer satisfaction

- Internal service quality
- Satisfied and productive service employees
- Greater service value
- Satisfied and loyal customers
- Healthy service profits and growth



# Services Marketing

## Marketing Strategies for Service Firms

**Internal marketing** means that the service firm must orient and motivate its customer contact employees and supporting service people to work as a team to provide customer satisfaction

Internal marketing must precede external marketing



# Services Marketing

## Marketing Strategies for Service Firms

**Interactive marketing** means that service quality depends heavily on the quality of the buyer-seller interaction during the service encounter

- Service differentiation ( offer, delivery and image)
- Service quality
- Service productivity



# Services Marketing

## Marketing Strategies for Service Firms

### Managing service differentiation

creates a competitive advantage from the offer, delivery, and image of the service

- **Offer** can include distinctive features
- **Delivery** can include more able and reliable customer contact people, environment, or process
- **Image** can include symbols and branding



# Services Marketing

## Marketing Strategies for Service Firms



**Managing service quality** provides a competitive advantage by delivering consistently higher quality than its competitors

Service quality always varies depending on interactions between employees and customers



# Services Marketing

## Marketing Strategies for Service Firms

Managing service productivity refers to the cost side of marketing strategies for service firms

- Employee recruiting, hiring, and training strategies
- Service quantity and quality strategies





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