

Product, Services, and Branding Strategies

Chapter 8

Definitions

◆ Product

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



◆ Service

- Any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything.
 - Banking, hotel, airline, retail, tax preparation, home repair services



Goal 1: Understand products and their classifications

Services Marketing

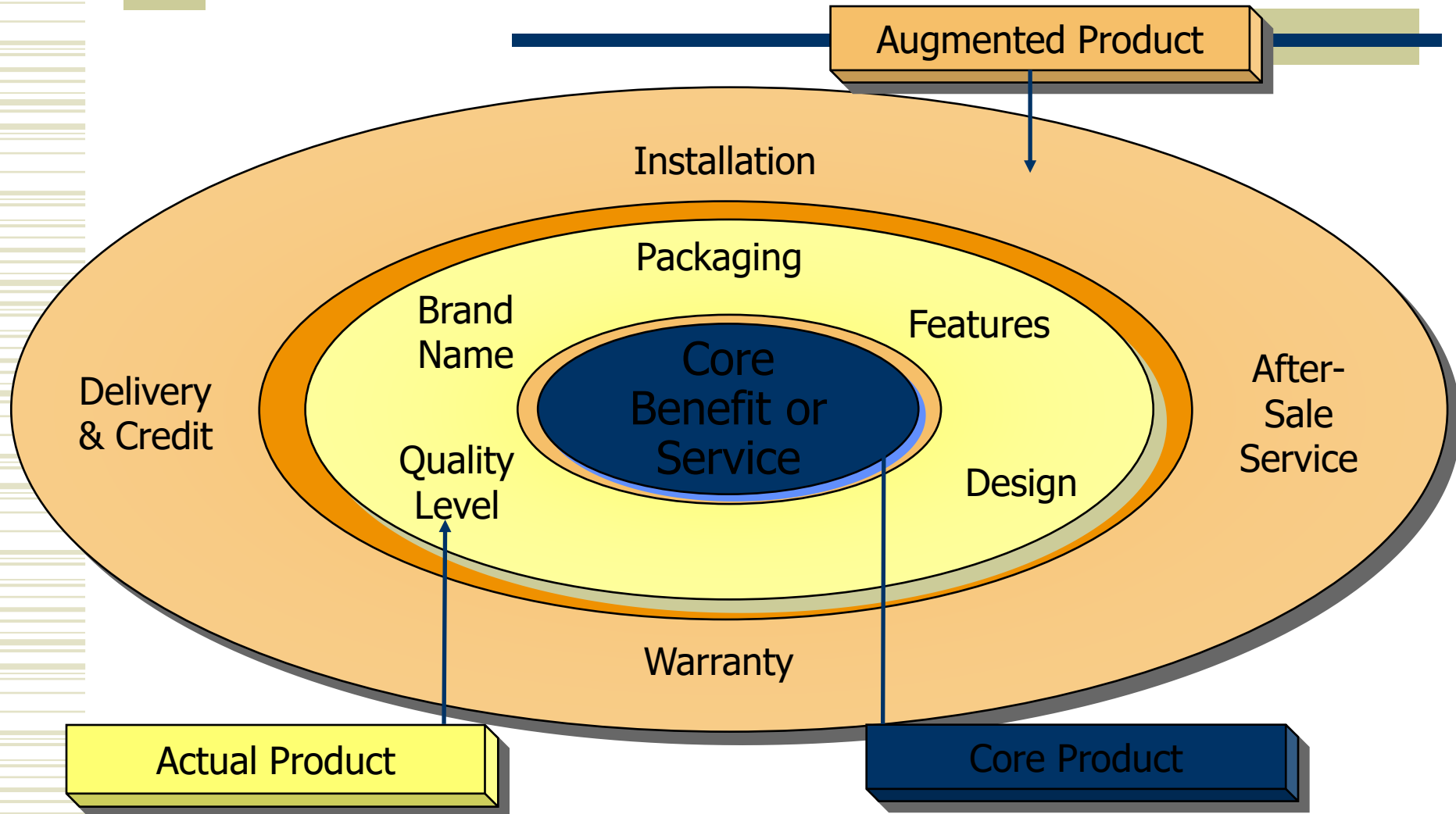
◆ Characteristics of Services

- **Intangibility:**
- **Inseparability:**
 - Services can't be separated from providers. *Provider-Customer interaction*
- **Variability:**
 - Employees and other factors result in variability
- **Perishability:**
 - Services can't be inventoried for later sale

What is a Product?

- ◆ Products, Services, and Experiences
 - Market offerings: pure tangible goods, toothpaste, soap, salt; pure services, financial services, doctor's exam, experiences, memorable, personal, take place in the consumer's mind.

Levels of Product



Levels of a Product

- ◆ Levels (Each level adds more customer value) of Product and Services
 - Core benefit (transportation), actual product (Toyota), and augmented product (additional customer services and benefits)

Classification of Products and Services

Types of Consumer Products

- ◆ *Convenience*

- ◆ Frequent purchases bought with minimal buying effort and little comparison shopping toothpaste, magazines, soap, newspapers.
- ◆ Low price
- ◆ Widespread distribution
- ◆ Mass promotion by producer

Classification of Products and Services

Types of Consumer Products

- ◆ *Shopping*

- ◆ Less frequent purchases requiring more shopping effort and price, quality, and style comparisons. Furniture, clothing, used cars.
- ◆ Higher than convenience good pricing
- ◆ Selective distribution in fewer outlets
- ◆ Advertising and personal selling by producer and reseller

Classification of Products and Services

Types of Consumer Products

- ◆ *Specialty*

- ◆ Strong brand preference and loyalty, requires special purchase effort, little brand comparisons, and low price sensitivity **designer clothes, services of medical or legal specialists, Rolex watch.**
- ◆ High price
- ◆ Exclusive distribution
- ◆ Carefully targeted promotion by producers and resellers

Classification of Products and Services

Types of Consumer Products

- ◆ *Unsought*

- ◆ Little product awareness and knowledge (or if aware, sometimes negative interest) life insurance, cemetery plots
- ◆ Aggressive advertising and personal selling by producers and resellers

Classification of Products and Services

- Industrial products
 - Materials and parts: cotton, fruits, fish, crude petroleum. Price and service are major marketing factors; branding and advertising tend to be less important.
 - Capital items: factories, offices, generators, large computer systems, elevators, office equipments.
 - Supplies and services: lubricants, coal, paper, pencils, brooms, nails, window cleaning, computer repair. Maintenance, repair services

Classification of Products and Services

- Organizations, persons, places, and ideas
 - Organizational marketing makes use of corporate image advertising. GE – “brings good things to life”
 - Person marketing applies to political candidates, entertainment sports figures, and professionals. Political leaders, doctors, professors, celebrities.
 - Place marketing relates to tourism. Business sites and tourism, I love New York
 - Social marketing campaigns promote ideas. Public health campaign, environmental campaign, family planning. Reduce smoking, alcoholism, drug abuse.

Product and Service Decisions

- ◆ At three levels
 - Individual product decisions
 - Product line decisions
 - Product mix decisions



Individual Product Decisions

Product Attributes

Branding

Labeling

Packaging

Product Support Services

Product Attributes

Developing a Product or Service Involves Defining the Benefits that it Will Offer Such as:

Product Quality



Ability of a Product to Perform Its Functions
•TQM

Product Features



Help to Differentiate the Product from Those of the Competition

Product Style & Design



Style describes the appearance of a product (increase aesthetic beauty).

Design makes the product perform better. (Tata Nano designed for family of 4 people)



PART 2

Product and Service (Development and Marketing) Decisions

Key Decisions

- ◆ *Individual Product*
- ◆ *Product Line*
- ◆ *Product Mix*
- ◆ Brand name, term, sign, symbol, design. Helps in identifying and tells about product's quality.
- ◆ Package product's primary container, product safety. Poor packaging Vs innovative packaging. (Heinz ketchup)

Individual Product

- ◆ Label-from simple tags to complex graphics.
 - Describe things about the product
 - ◆ Who made it, where was made, its contents, how to use, safety precaution.
 - ◆ Mandatory labeling requirement- false, misleading, deceptive labels.
- ◆ Product support services
 - HP Total Care- from choosing it , to configuring it, to protecting it, to tuning it up-all the way to recycling.
 - 24/7 tech support online

Product Line

- 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*
- ◆ *Nike produces several lines of Athletic shoes*
- ◆ *Marriott*

Product Line

- **Line stretching:** adding products that are higher or lower priced than the existing line. (going beyond its current range)
 - To get new market segment
 - Downward- Mercedes C-class cars , Honda Jazz
 - Upward- Lexus (Toyota)/Infinity (Nissan)/Acura (Honda) / Tata Indigo
- **Line filling:** adding more items within the present price range. (for extra profit, using excess capacity, plugging holes to keep out competitors)
 - Brand Cannibalization and customer confusion
 - New items must be different from existing ones
 - Maruti Suzuki had launched Alto in the year 2000 which was a product between two other models of Maruti 800 and Maruti Zen.
 - Axio between Toyota Corolla and Allion.

Product and Service Decisions

Key Decisions

- ◆ *Individual Product*
 - ◆ *Product Line*
 - ◆ *Product Mix (Product portfolio)*
- ◆ Product Mix-Sony has four primary product business.
 - Sony Electronics(camera, camcorders)
 - Sony Computer entertainment (games)
 - Sony financial services
 - Sony Pictures entertainment (TV, home theatre)

Product Mix (Product portfolio)

- ◆ Product mix width:
 - number of different product lines carried by company (Sony- TV, play station, semiconductors)
- ◆ Product mix length:
 - Number of items the company carries within its product lines (camera and camcorder line also contains photo printers, memory media, and accessories)
- ◆ Product line depth:
 - Number of different versions of each product in the line (Sony TV- tube, flat panel, LCD, LED, HD plus different sizes for each type)
- ◆ Product line consistency- how closely product lines are related to end use, production requirement, distribution channels)

Brand

Top Global brands

- ◆ A name, term, sign, symbol or design or a combination of these that identifies the products or services of one seller or group of sellers and differentiates them from those of competitors





citi



Kodak



Top Global brands



SONY

GUCCI



Branding Strategy

- ◆ Brands are powerful assets that must be carefully developed / managed. Ultimately brands reside in the minds of consumers.
- ◆ Brands with strong equity have many competitive advantages:
 - High consumer awareness
 - Helps when introducing new products
 - Less susceptible to price competition

How to Build Strong Brand

Key Decisions

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

- ◆ **Position at any of three levels:**

- Product attributes
 - Least effective (competitors can copy easily)
- Benefits
 - Volvo (safety)
 - FedEx (guaranteed on time delivery)
 - Nike- (performance)
 - Mercedes Benz (quality)
- Beliefs and values
 - Taps into emotions
 - Starbucks, Apple, Cadbury more into creating surprise, passion, excitement rather than tangible product.

Building Strong Brand

Key Decisions

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

- ◆ Good Brand Names:
 - Suggest something about the product or its benefits (Fair & Lovely)
 - Are easy to say, recognize and remember (Tide, iPod)
 - Are distinctive (Lexus)
 - Are extendable (Amazon.com)
 - Can be registered and legally protected
 - Easily translated into foreign languages.

Building Strong Brand

Key Decisions

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- ◆ *Brand Name Selection*
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- ◆ *Brand Development*

- ◆ Manufacturer brands or national brands.
Sony TV
- ◆ Private (store) brands—(ex: Gap, Liz Lange-Target)
 - Manufacturer sell to reseller who name the product.
 - Costly to establish and promote
 - Higher profit margins
- ◆ Licensed brands
 - Name and character licensing has grown (Winnie the Pooh, Scooby Doo, Sesame Street, Harry Potter characters)
- ◆ Co-branding-when 2 different established brand names are used on the same product.-
Citi Big Bazaar credit card entails 5% discounts.

Four Brand Strategies

Product Category

Existing

New

Existing

Line Extension

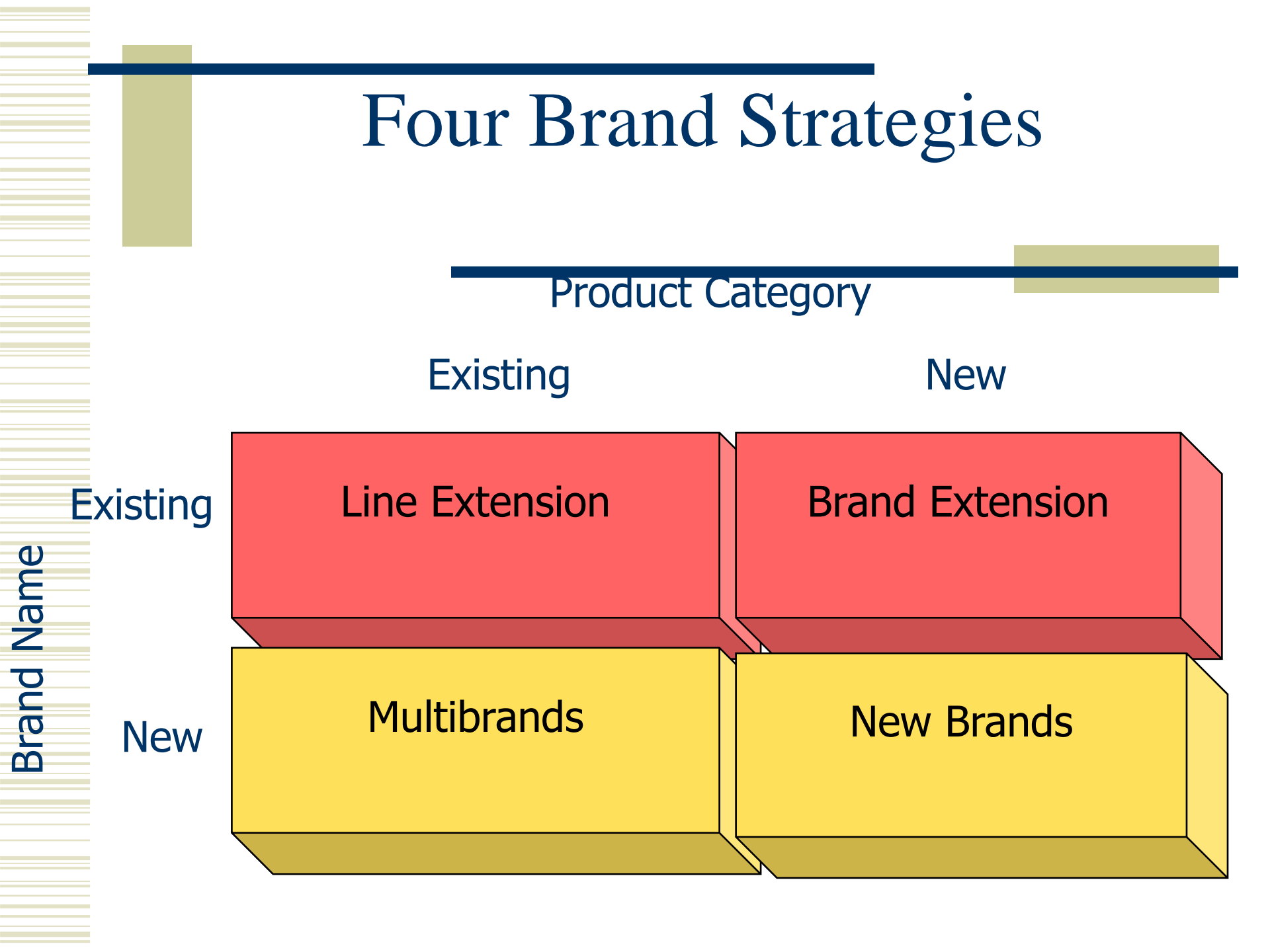
Brand Extension

New

Multibrands

New Brands

Brand Name



Building Strong Brand

Key Decisions

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

- ◆ Line extensions
 - Minor changes to existing products flavors, forms, package sizes, colors, ingredients. **Bombay chips.**
- ◆ Brand extensions
 - Successful brand names help introduce new products **Dove deodorant, vitamins, body wash, facial tissues, bar soap, shampoo.**
- ◆ Multibrands
 - Multiple product entries in a product category **Close up, Pepsodent.**
- ◆ New brands
 - New product category
 - Tata motors- Ace brands

Services Marketing

◆ Services

- Service industries include business organizations (airlines, banks, hotels, insurance companies, consulting firms), government (postal service, schools, hospitals, military services), and private not-for-profit organizations (museums, charities, churches, colleges).

Services Marketing

- ◆ Service Firm Marketing Strategies
 - The Service-Profit Chain (pg 212, Fig-8.6)
 - Internal Marketing- orienting and motivating customer contact employees to work as a team
 - Interactive Marketing- training service employees to interact with customer and satisfy them

Marketing Strategies for Service Firms

- ◆ Managing Service Differentiation
 - Develop differentiated offer, delivery and image.
- ◆ Managing Service Quality
 - Empower front-line employees,
 - Develop high service quality standards,
 - Watch service performance closely.
- ◆ Managing Service Productivity
 - Train current or new employees better,
 - Work on quality as well as quantity,
 - Utilize technology.