Chapter 8: Products, Services, and Brands
Building Customer Value
Products, Services, and Brands
Products, Services, and Brands

Learning Objectives

• **Objective 1:** Define *product* and describe the major classifications of products and services.

• **Objective 2:** Describe the decisions companies make regarding their individual products and services, product lines, and product mixes.
Products, Services, and Brands

Learning Objectives

• **Objective 3:** Identify the four characteristics that affect the marketing of services and the additional marketing considerations that services require.

• **Objective 4:** Discuss branding strategy—the decisions companies make in building and managing their brands.
Learning Objective 1

• Define *product* and describe the major classifications of products and services.

What Is a Product?
**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 product that consists of activities, benefits, or satisfactions and that is essentially intangible and does not result in the ownership of anything.
What Is a Product?

Products, Services, and Experiences

Products and services are becoming more commoditized.

Companies are now creating and managing customer experiences with their brands or company.
What Is a Product?

Levels of Product and Services

FIGURE 8.1
Three Levels of Product

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What Is a Product?

Product and Service Classifications

Consumer products

Industrial products
What Is a Product?

Product and Service Classifications

**Consumer products** are products and services bought by final consumers for personal consumption.

- 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 less frequently purchased consumer products and services that the customer compares carefully on suitability, quality, price, and style.

- Furniture
- Cars
- Appliances
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
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 those products purchased for further processing or for use in conducting a business.

- Materials and parts
- Capital items
- Supplies and services
What Is a Product?

Product and Service Classifications

**Materials and parts** include raw materials and manufactured materials and parts.

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

**Supplies and services** include operating supplies, repair and maintenance items, and business services.
What Is a Product?

Product and Service Classifications

Organizations, Persons, Places, and Ideas

• Organization marketing
• Person marketing
• Place marketing
• Social marketing
Organization marketing consists of activities undertaken to create, maintain, or change the attitudes and behavior of target consumers toward an organization.
Person marketing consists of activities undertaken to create, maintain, or change the attitudes or behavior of target consumers toward particular people.
What Is a Product?

Product and Service Classifications

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

**Social marketing** uses commercial marketing concepts to influence individuals’ behavior to improve their well-being and that of society.
Learning Objective 1

• Define *product* and describe the major classifications of products and services.

Products, Services, and Experiences

Levels of Product and Services

Product and Service Classifications
Learning Objective 2

• Describe the decisions companies make regarding their individual products and services, product lines, and product mixes.
Product and Service Decisions

Individual Product and Service Decisions

FIGURE 8.2 Individual Product Decisions

- Product attributes
- Branding
- Packaging
- Labeling
- Product support services
Product and Service Decisions

Individual Product and Service Decisions

Communicate and deliver benefits by **product and service attributes**.

- Quality
- Features
- Style and design
Product quality refers to the characteristics of a product or service that bear on its ability to satisfy stated or implied customer needs.

- Total quality management
- Return-on-quality
- Quality level
- Performance quality
- Conformance quality
Product Features

• Competitive tool for differentiating a product from competitors’ products
• Assessed based on the value to the customer versus its cost to the company
Product and Service Decisions

Individual Product and Service Decisions

**Style** describes the appearance of the product.

**Design** contributes to a product’s usefulness as well as to its looks.
Brand is the name, term, sign, or design or a combination of these, that identifies the maker or seller of a product or service.
Packaging involves designing and producing the container or wrapper for a product.

Labels identify the product or brand, describe attributes, and provide promotion.
Product and Service Decisions

Individual Product and Service Decisions

Product support services augment actual products.

NOTICE

I do not consider a sale complete until goods are worn out and customer still satisfied. We will thank anyone to return goods that are not perfectly satisfactory. Should the person reading this notice know of anyone who is not satisfied with our goods, I will consider it a favor to be notified. Above all things we wish to avoid having a dissatisfied customer.

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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 line length is the number of items in the product line.

- Line stretching
- Line filling
Product mix consists of all the product lines and items that a particular seller offers for sale.

- Width
- Length
- Depth
- Consistency
Learning Objective 2

• Describe the decisions companies make regarding their individual products and services, product lines, and product mixes.

  Individual Product and Service Decisions
  Product Line Decisions
  Product Mix Decisions
Learning Objective 3

• Identify the four characteristics that affect the marketing of services and the additional marketing considerations that services require.
Services Marketing

Types of Service Industries

• Government
• Private not-for-profit organizations
• Business organizations
Services Marketing

Nature and Characteristics of a Service

FIGURE 8.3 Four Service Characteristics

- **Intangibility**: Services cannot be seen, tasted, felt, heard, or smelled before purchase.
- **Inseparability**: Services cannot be separated from their providers.
- **Variability**: Quality of services depends on who provides them and when, where, and how.
- **Perishability**: Services cannot be stored for later sale or use.
In addition to traditional marketing strategies, service firms often require additional strategies.

- Service-profit chain
- Internal marketing
- Interactive marketing
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
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.
Interactive marketing means that service quality depends heavily on the quality of the buyer-seller interaction during the service encounter.

- Service differentiation
- Service quality
- Service productivity
Managing service differentiation creates a competitive advantage.

- Offer
- Delivery
- Image
Managing service quality enables a service firm to differentiate itself by delivering consistently higher quality than its competitors provide.
Managing service productivity refers to the cost side of marketing strategies for service firms.

• Employee hiring and training
• Service quantity and quality
Learning Objective 3

• Identify the four characteristics that affect the marketing of services and the additional marketing considerations that services require.

Nature and Characteristics of a Service

Marketing Strategies for Service Firms
Products, Services, and Brands

Learning Objective 4

• Discuss branding strategy—the decisions companies make in building and managing their brands.
Branding Strategy: Building Strong Brands

Brand Equity and Brand Value

• **Brand equity** is the differential effect that knowing the brand name has on customer response to the product or its marketing.

• **Brand value** is the total financial value of a brand.
Branding Strategy: Building Strong Brands

FIGURE 8.5 Major Brand Strategy Decisions

<table>
<thead>
<tr>
<th>Brand positioning</th>
<th>Brand name selection</th>
<th>Brand sponsorship</th>
<th>Brand development</th>
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<td>Attributes</td>
<td>Selection</td>
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<td>Benefits</td>
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<td>Beliefs and values</td>
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<td></td>
<td>Co-branding</td>
<td>New brands</td>
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Brand Positioning

Marketers can position brands at any of three levels.

- Attributes
- Benefits
- Beliefs and values
Brand Name Selection

1. Suggests 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
Brand Sponsorship

- Manufacturer’s brand
- Private brand
- Licensed brand
- Co-brand
Building Strong Brands

FIGURE 8.6 Brand Development Strategies