



Unit 7

Product, Services and Branding Strategy



Road Map: Previewing the Concepts

- ➔ Define product and the major classifications of products and services.
- ➔ Describe the roles of product and service branding, packaging, labeling, and product support services.
- ➔ Explain the decisions companies make when developing product lines and mixes.
- ➔ Identify the four characteristics that affect the marketing of a service.
- ➔ Discuss the additional marketing considerations for services.



What is a Product?

- ➔ A PRODUCT is anything that can be offered to a market for attention, acquisition, use, or consumption and that might satisfy a want or need.
- ➔ Includes:
 - Physical Objects
 - Services
 - Events
 - Persons
 - Places
 - Organisations
 - Ideas
 - Combinations of the above



What is a Service?

- ➔ A SERVICE is a form of product that consist of activities, benefits, or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything.
- ➔ Examples include:
 - Banking
 - Hotels
 - Tax preparation
 - Home repair services

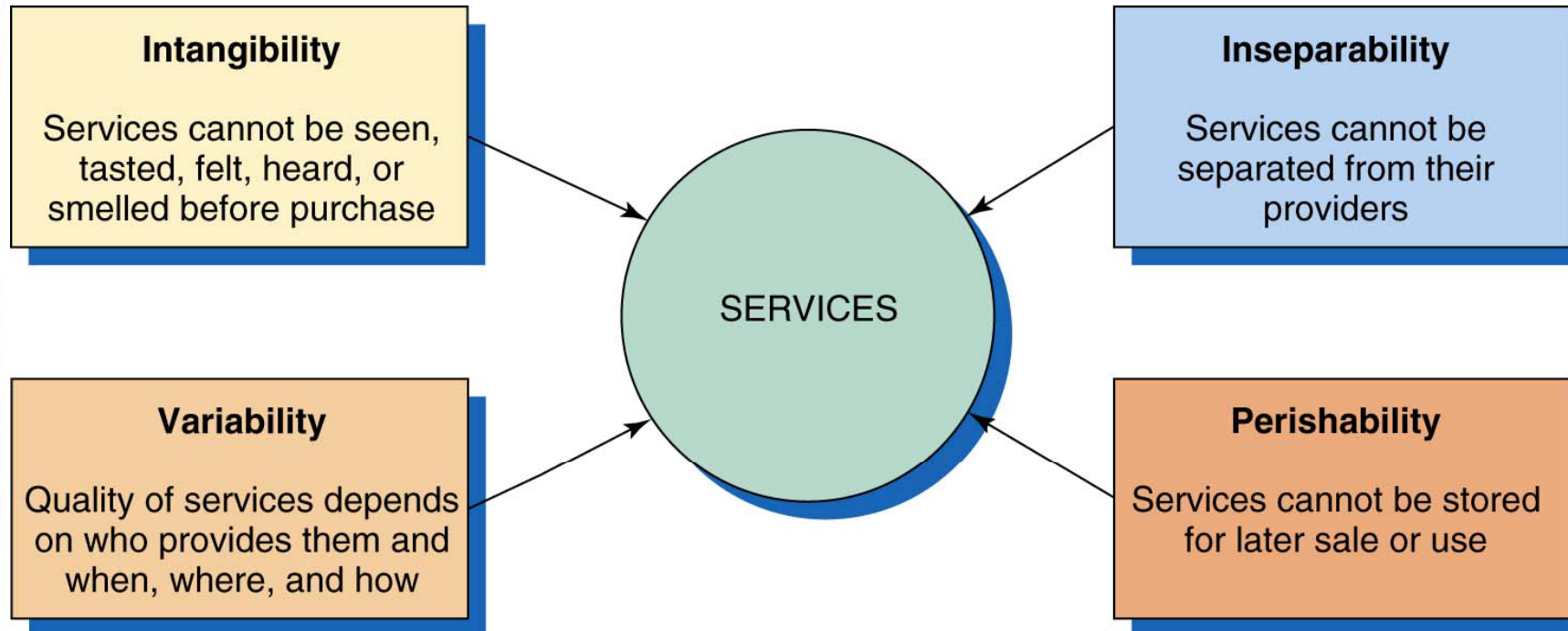


Goods, Services, and Experiences



The Good-Service Continuum

Nature and Characteristic of a Service

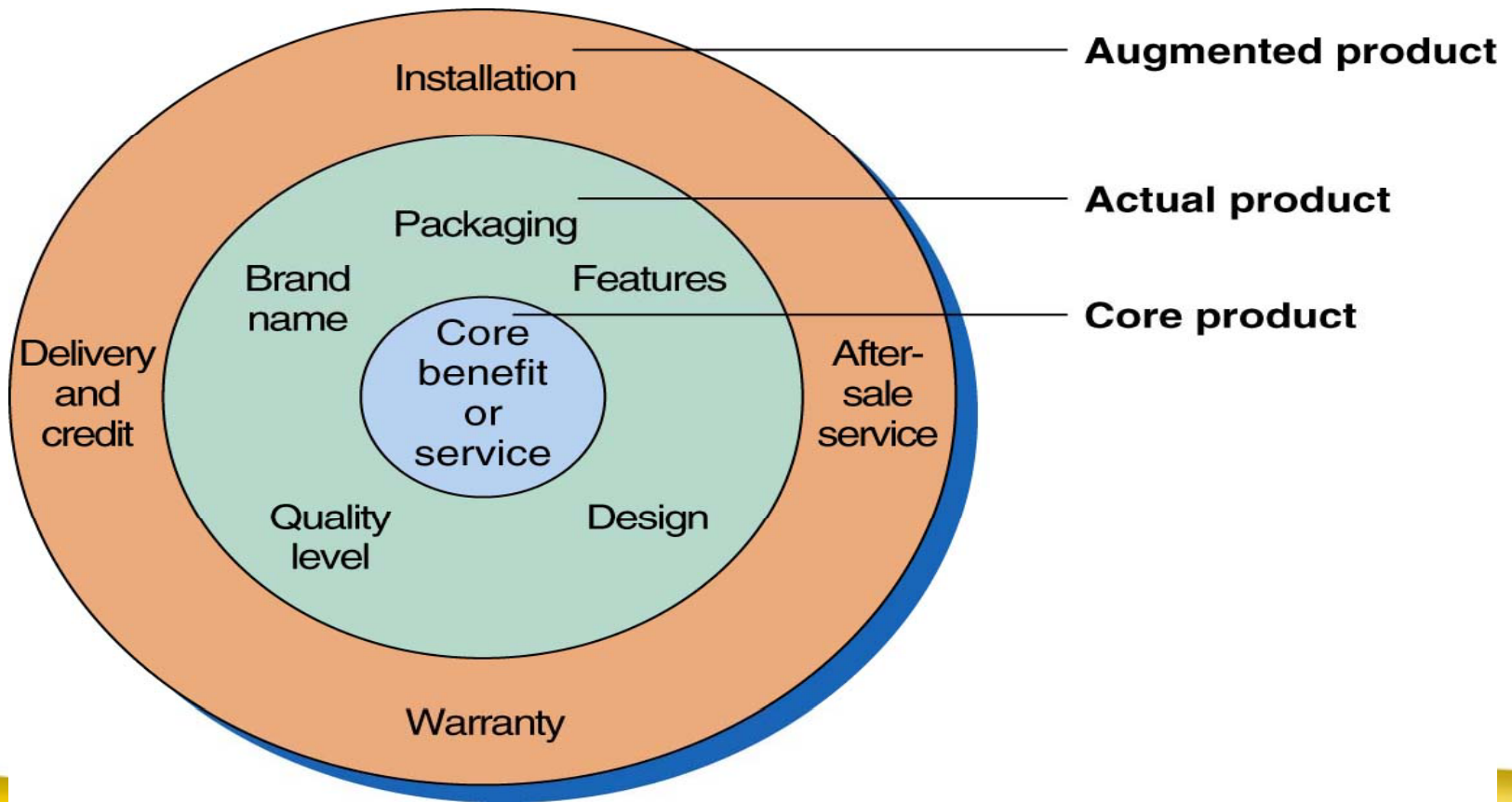




Discussion Question

- ➔ Illustrate how a movie theatre can deal with the intangibility, inseparability, variability, and perishability of the services it provides.

Levels of Product





Product Classifications: Consumer

Convenience Products

- Buy frequently & immediately
- Low priced
- Mass advertising
- Many purchase locations
i.e Candy, newspapers

Shopping Products

- Buy less frequently
- Higher price
- Fewer purchase locations
- Comparison shop
i.e Clothing, cars, appliances

Specialty Products

- Special purchase efforts
- High price
- Unique characteristics
- Brand identification
- Few purchase locations
i.e Lamborghini, Rolex

Unsought Products

- New innovations
- Products consumers don't want to think about
- Require much advertising & personal selling
i.e Life insurance, blood donation



What do you think these products are?

- ⇒ A pair of shoes
- ⇒ Toilet paper
- ⇒ KFC Chicken Burger
- ⇒ Mobile phone
- ⇒ Iced black coffee
- ⇒ Sofa
- ⇒ Smoke detector
- ⇒ Gucci sunglasses
- ⇒ Refrigerator



Product Classifications: Industrial

Materials and Parts
Raw materials, manufactured materials, and parts

Capital Items
Industrial products that aid in buyer's production or operations

Supplies and Services
Operating supplies, repair/ maintenance items

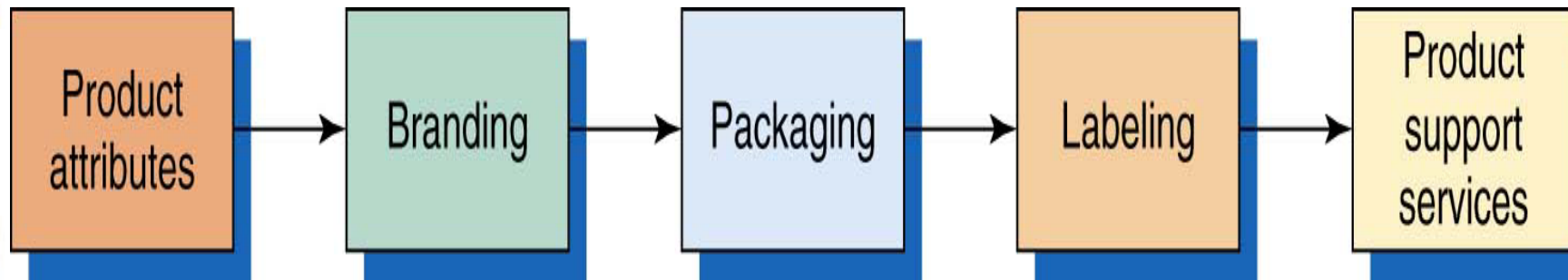


Product Classifications: Other Marketable Entities

- ➔ Activities undertaken to create, maintain, or change the attitudes and behaviour toward the following:
 - Organisations - Profit (businesses) and non profit (schools and churches).
 - Persons – Politicians, entertainers, sports figures, doctors, and lawyers.
 - Places - Business sites, new residents, and tourism.
 - Ideas (social ideas marketing) – Public health campaigns, environmental campaigns, and others such as family planning, or human rights.



Individual Product Decisions





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; Includes Level & Consistency

Product Features

Differentiates the Product from Competitors' Products

Product Style & Design

Process of Designing a Product's Style & Usefulness



Branding

What is a good brand?



Branding





Branding

➔ Advantages to Branding

- Buyers:
 - Identification
 - Quality and value
- Sellers
 - Tells a story
 - Provides legal protection
 - Helps segments markets

➔ Brand Equity

- Higher brand loyalty
- Name awareness
- Perceived quality
- Strong brand associations
- Patents, trademarks, channel relationships

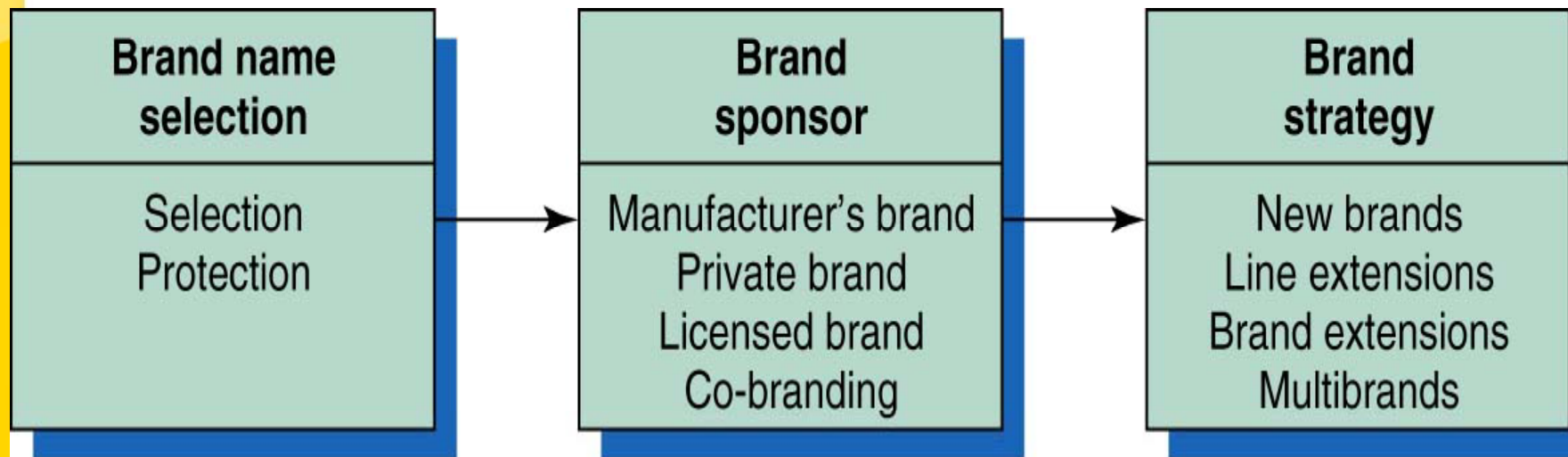
Brands and Brand Symbols

- ⇒ Powerful brands such as these have **brand equity**:
 - Eg. Coca-Cola brand - \$69 billion
- ⇒ Offers defense against fierce price competition.



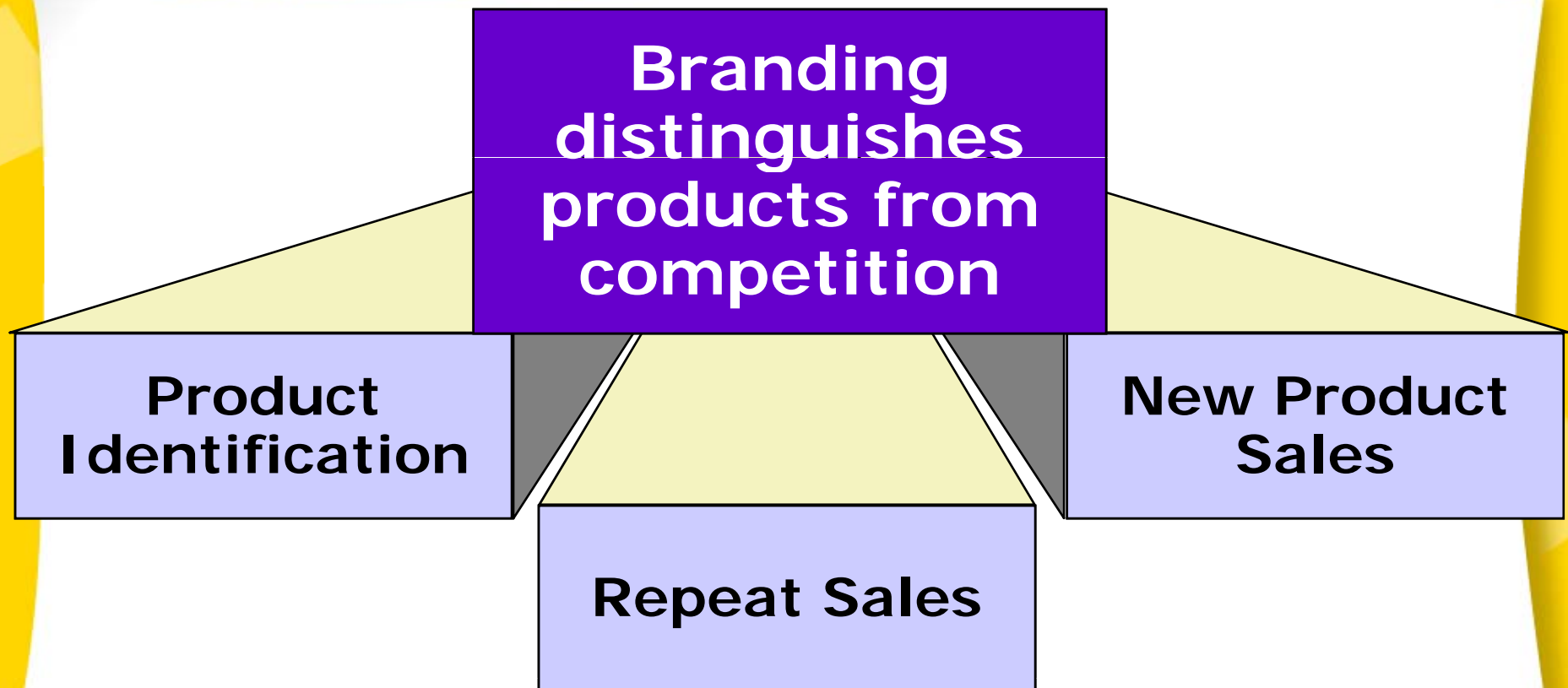


Major Branding Decisions





Benefits of Branding





An Effective Brand Name

- ◆ Is easy to pronounce
- ◆ Is easy to recognize and remember
- ◆ Is short, distinctive, and unique
- ◆ Describes the product, use, and benefits
- ◆ Has a positive connotation
- ◆ Reinforces the product image
- ◆ Is legally protectable

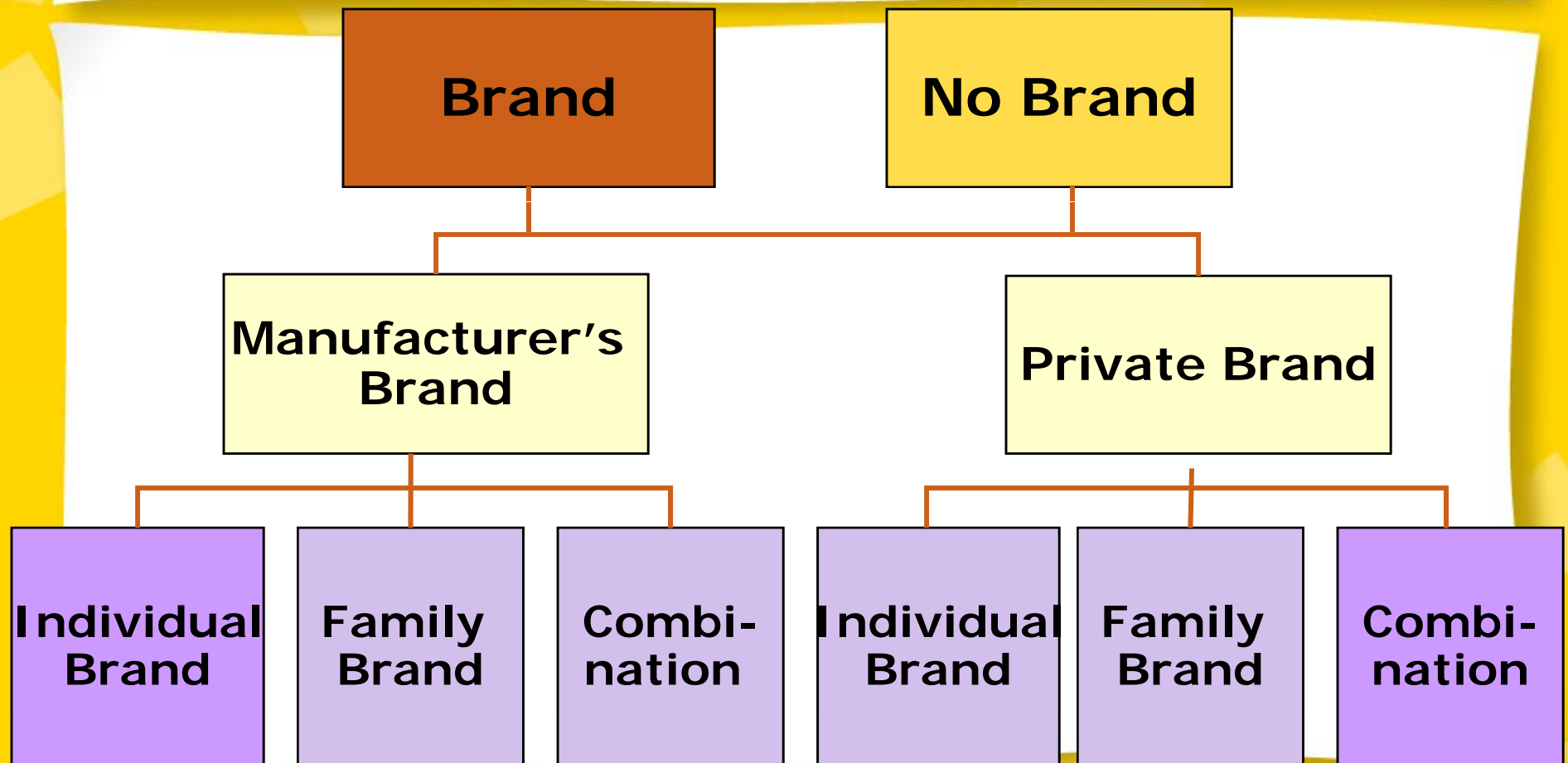


Master Brands

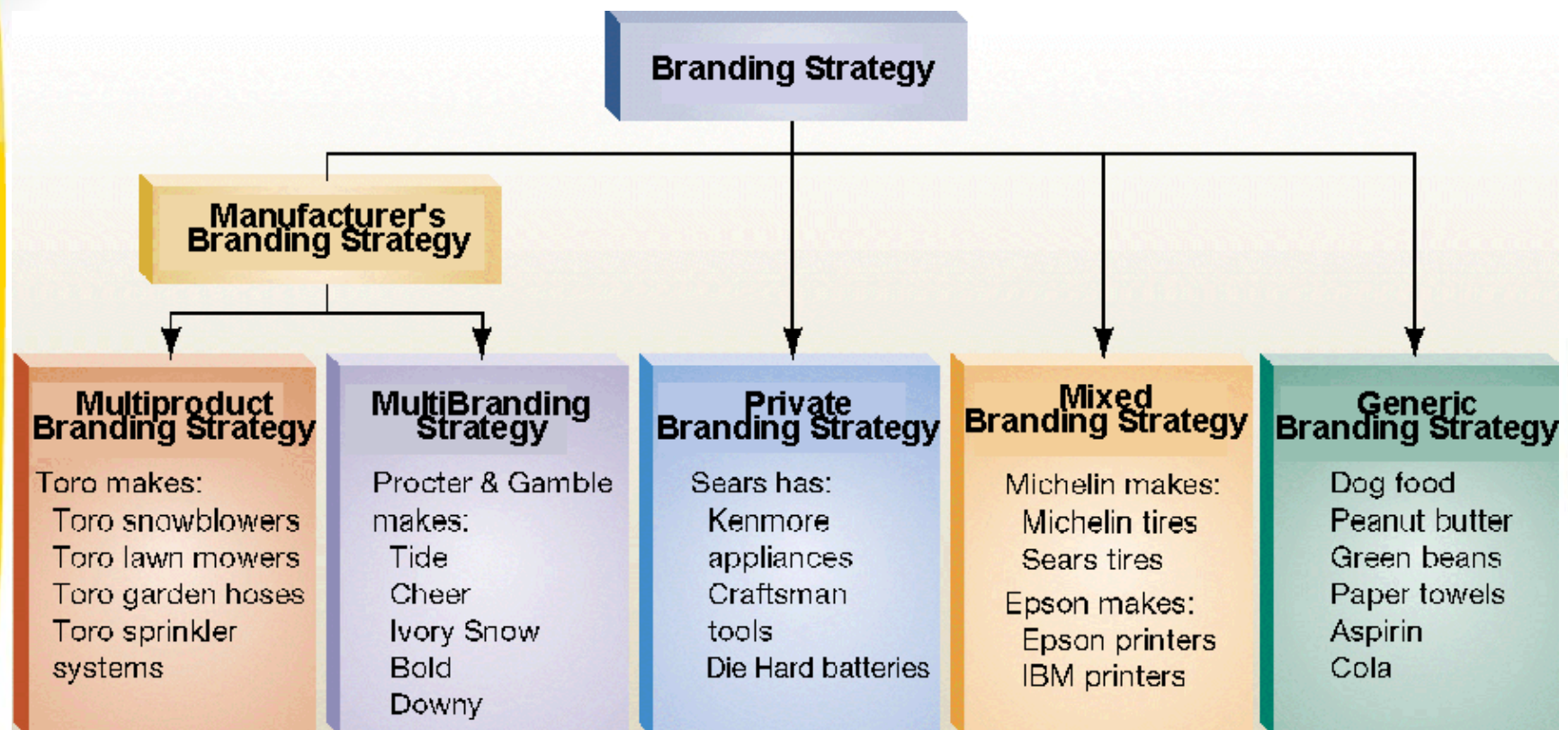
<i>Photocopy</i>	Zerox
<i>Mobile phone</i>	Nokia
<i>Internet Search</i>	Google
<i>Computer</i>	Dell
<i>Car</i>	BMW
<i>Airline</i>	Air Asia
<i>Television</i>	Sony
<i>Fast food</i>	McDonald



Branding Strategies



Branding Strategies





Four Brand Strategies

Product Category

Existing

New

Existing

Line Extension
Vinamilk Yogurt Flavours

Brand Extension
Barbie Electronics

New

Multibrands
Toyota and Lexus

New Brands

Brand Name



Brand Strategy

⇒ Line Extension

- Existing brand names extended to new forms, sizes, and flavours of an existing product category.

⇒ Brand Extension

- Existing brand names extended to new or modified product categories.

⇒ Multibrands

- New brand names introduced in the same product category.

⇒ New Brands

- New brand names in new product categories.



Interactive Student Assignments

- ➔ We can find Coke in six or more varieties in some countries.
 - Coke
 - Classic Coke
 - Vanilla Coke
 - Cherry Coke
 - Diet Coke
 - Diet Coke with Lime
 - Diet Coke Decaffeinated
 - Coke Zero
- ➔ List some of the issues these line extensions raise for the manufacturers, retailers, and consumers.

Packaging



- ➔ Designing and producing the container or wrapper for a product.
- ➔ Steps in developing a good package:
 - Packaging concept,
 - Develop specific elements of the package,
 - Elements must support product's position and marketing strategy.





Labeling

- ➔ Printed information appearing on or with the package.
- ➔ Performs several functions:
 - Identifies product or brand
 - Describes several things about the product
 - Promotes the product through attractive graphics





Product Support Services

Companies use product support services as a major tool in gaining competitive advantage.

How?

Step 1. Survey customers to assess the value of current services and to obtain ideas for new services.

Step 2. Assess costs of providing desired services.

Step 3. Develop a package of services to delight customers and yield profits to the company.



Marketing Strategies for Service Firms

➡ Managing Service Differentiation

- Develop differentiated offer, delivery, and image.

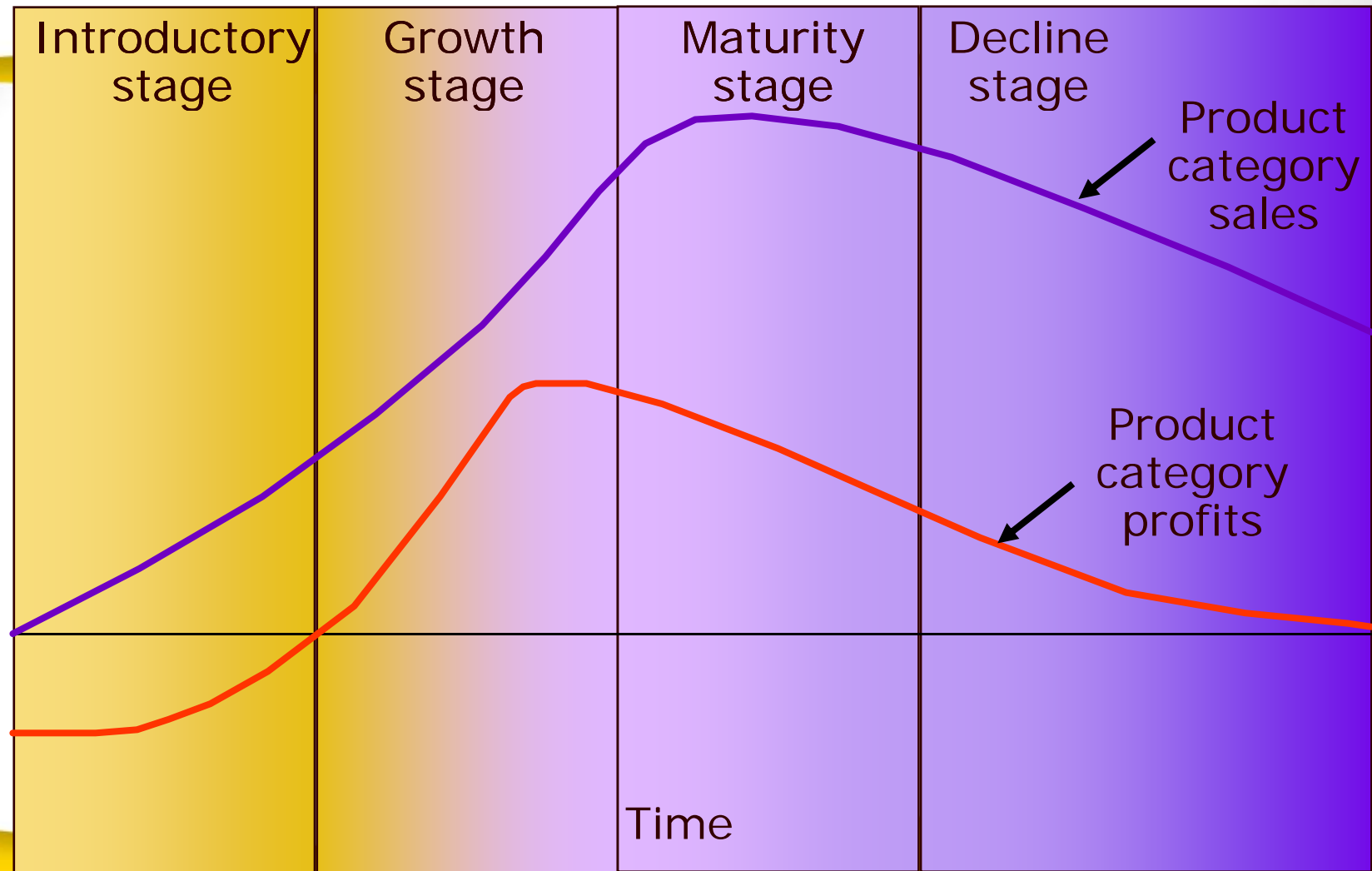
➡ Managing Service Quality

- Empower front-line employees,
- Become “Customer obsessed,”
- Set 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
- Well-designed Web site

Product life cycle





Introductory stage

Full-scale launch of new products

- High failure rates
- Little competition
- Frequent product modification
- Limited distribution
- High marketing and production costs
- Negative profits
- Promotion focuses on awareness and information
- Intensive personal selling to channels



Growth stage

Second stage

- Increasing rate of sales
- Entrance of competitors
- Initial healthy profits
- Promotion emphasises brand ads
- Goal is wider distribution
- Prices normally fall
- Development costs are recovered



Maturity stage

A period during which sales increase at an decreasing rate

- Declining sales growth
- Saturated markets
- Extending product line
- Stylistic product changes
- Heavy promotions to dealers and consumers
- Marginal competitors drop out
- Prices and profits fall
- Niche marketers emerge

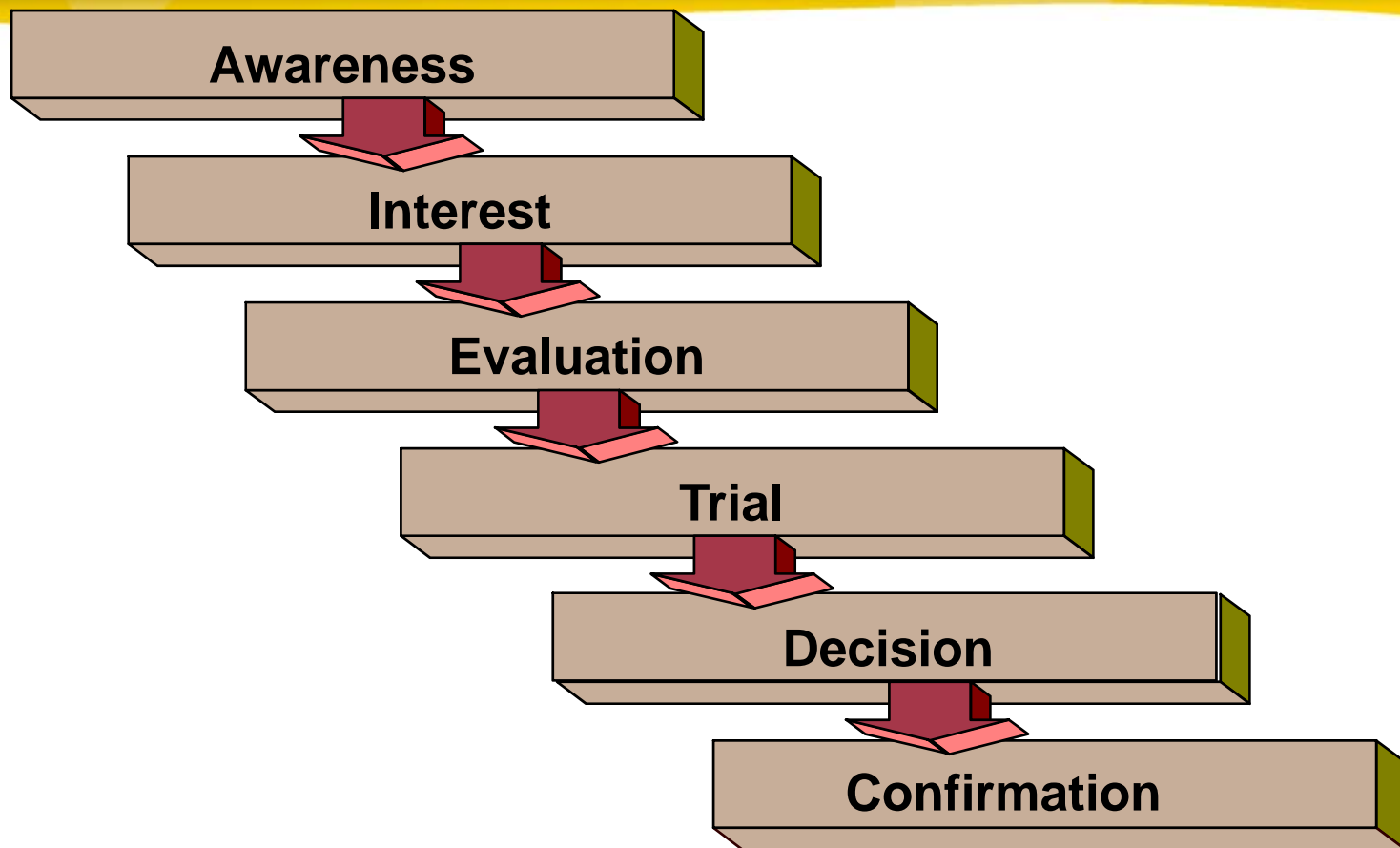


Decline stage

A long run drop in sales

- Long-run drop in sales
- Large inventories of unsold items
- Elimination of all nonessential marketing expenses

The adoption process





Diffusion

The process by which
the adoption of an
innovation spreads.

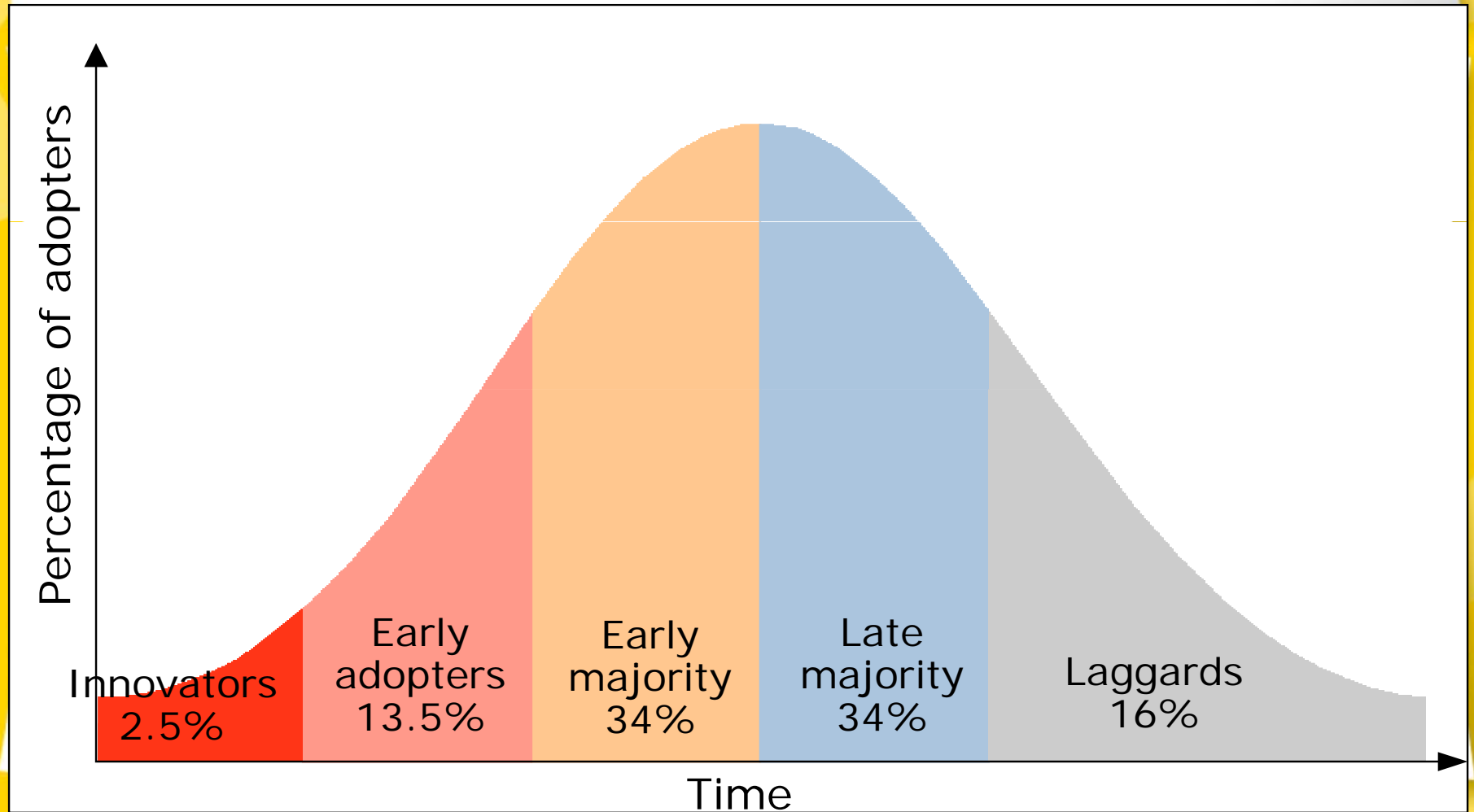


Categories of adopters

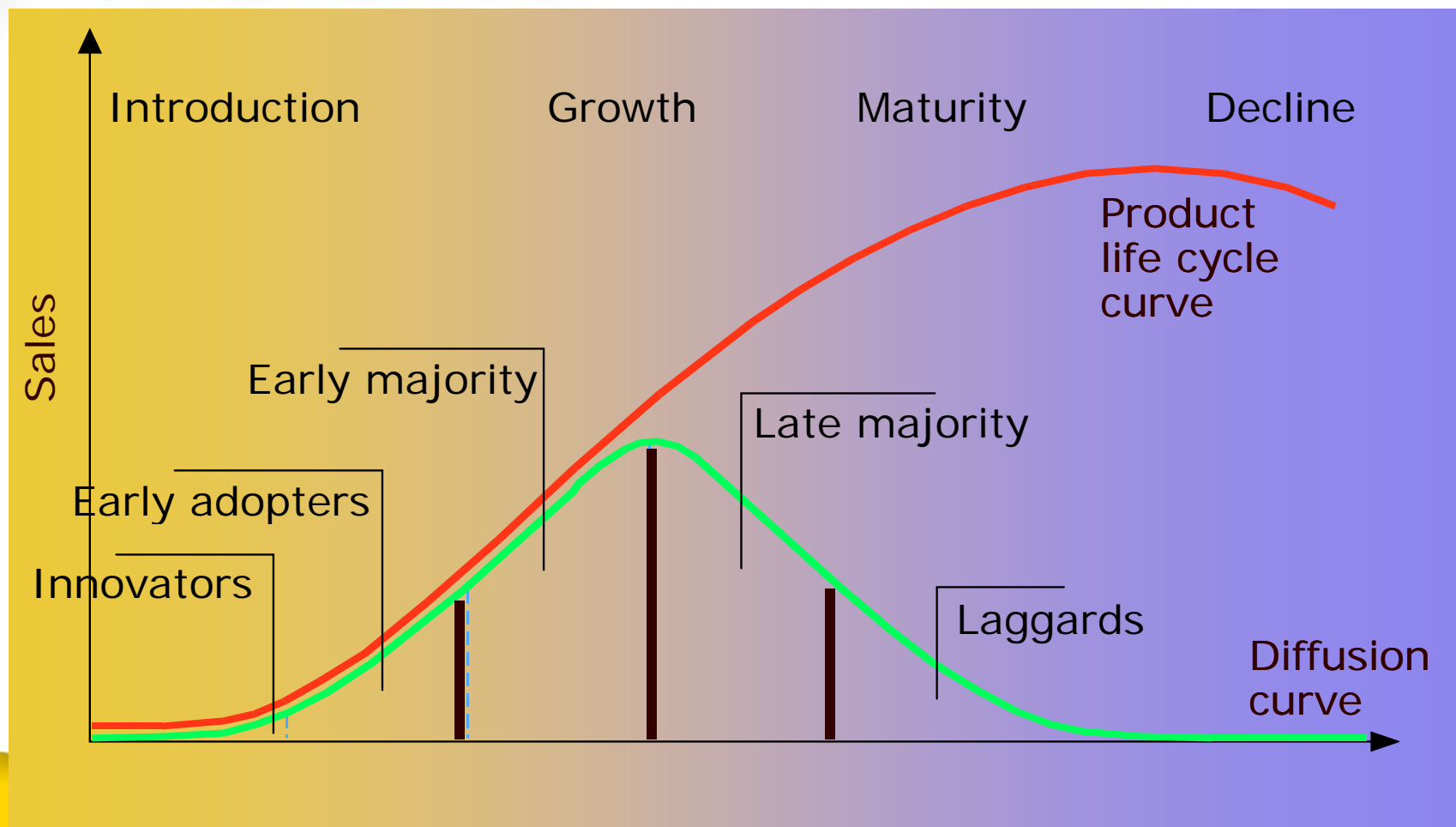
Categories of adopters in the diffusion process:

- Innovators
- Early adopters
- Early majority
- Late majority
- Laggards

Categories of adopters



Diffusion process and product life cycle curve





Rest Stop: Reviewing the Concepts

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