

# Principles of Marketing

---

**Product, Services, and  
Branding Strategy**

# Learning Objectives

---

After studying this chapter, you should be able to:

1. Define product and the major classifications of products and services
2. Describe the decisions companies make regarding their individual products and services, product lines, and product mixes
3. Discuss branding strategy—the decisions companies make in building and managing their brands
4. Identify the four characteristics that affect the marketing of a service and the additional marketing considerations that services require

# Chapter Outline

---

1. **What Is a Product?**
2. **Product and Service Decisions**
3. **Branding Strategy: Building Strong Brands**
4. **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

- Soap
- Toothpaste

# What Is a Product?

---

## *Products, Services, and Experiences*

**Service** is a form of product that consists of activities, benefits, or satisfactions offered for sale that are essentially intangible and do not result in ownership

- Doctor's exam
- Legal advice

# What Is a Product?

## *Products, Services, and Experiences*

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

- Disney
- American Girl
- Toys "R" Us

# What Is a Product?

## *Levels of Product and Services*

- Core benefits
- Actual product
- Augmented product

# What Is a Product?

---

## *Levels of Product and Services*

**Core benefits** represent what the buyer is really buying

**Actual product** represents the design, brand name, and packaging that delivers the core benefit to the customer

**Augmented product** represents additional services or benefits of the actual product



# 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 for personal consumption

- Classified by how consumers buy them
  - Convenience product
  - 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

# What Is a Product?

---

## *Product and Service Classifications*

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

- Wheat
- Lumber
- Iron
- Cement



# What Is a Product?

---

## *Product and Service Classifications*

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

- Buildings
- Elevators
- Computers

# What Is a Product?

---

*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

# 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

- Donald Trump

# 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

- Tourism

# What Is a Product?

---

*Organizations, Persons, Places, and Ideas*

**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

- Public health campaign
- Tourism

# Product and Service Decisions

---

## *Individual Product and Service Decisions*

- Product attributes
- Branding
- Packaging
- Labeling
- Product support services

# 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*

Quality in terms of the product or service is the lack of defects

Quality in terms of the customer is the value and satisfaction provided by the product or service



# Product and Service Decisions

---

## *Individual Product and Service Decisions*

Product quality includes level and consistency

- **Quality level** is the level of quality that supports the product's positioning
- **Performance quality** is the ability of a product to perform its functions

# Product and Service Decisions

---

## *Individual Product and Service Decisions*

**Quality consistency** is the freedom from defects and the delivering of a targeted level of performance

# 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*

Product style and design add value to customer value

**Style** describes the appearance of the product

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

# 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

# Product and Service Decisions

---

## *Individual Product and Service Decisions*

Consumer benefits

- Quality
- Consistency

Seller benefits

- Segmentation
- Communicate product features

# Product and Service Decisions

---

## *Individual Product and Service Decisions*

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

**Label** identifies the product or brand, describes attributes, and provides promotion

# Product and Service Decisions

---

## *Individual Product and Service Decisions*

Product support services augment actual products

Companies must continually:

- Assess the value of current services to obtain ideas for new ones
- Assess the costs of providing these services
- Develop a package of services to satisfy customers and provide profit to the company



# Product and Service Decisions

---

## *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
- Line filling

# Product and Service Decisions

## *Product Line Decisions*

**Product line stretching** is when a company lengthens its product line beyond its current range

- Downward
- Upward
- Combination of both

# Product and Service Decisions

---

## *Product Line Decisions*

**Downward product line stretching** is used by companies at the upper end of the market to plug a market hole or respond to a competitor's attack

**Upward product line stretching** is by companies at the lower end of the market to add prestige to their current products

# Product and Service Decisions

---

## *Product Line Decisions*

**Combination line stretching** is used by companies in the middle range of the market to achieve both goals of upward and downward line stretching

# Product and Service Decisions

---

## *Product Line Decisions*

**Product line filling** occurs when companies add more items within the present range of the line

- More profits
- Satisfying dealers
- Excess capacity
- Plugging holes to fend off competitors

# Product and Service Decisions

---

## *Product Mix Decisions*

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

- Width
- Length
- Depth
- Consistency

# Product and Service Decisions

---

## *Product Mix Decisions*

**Product mix width** is the number of different product lines the company carries

**Product mix length** is the total number of items the company carries within its product lines



# Product and Service Decisions

---

## *Product Line Decisions*

**Product line depth** is the number of versions offered of each product in the line

**Consistency** is how closely the various product lines are in end use, production requirements, or distribution channels

# 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

# Branding Strategy: Building Strong Brands

---

**Brand equity** is the positive differential effect that knowing the brand name has on customer response to the product or service

# Branding Strategy: Building Strong Brands

---

Brand equity provides competitive advantage

- Consumer awareness and loyalty
- Benefits
- Beliefs and value

# Branding Strategy: Building Strong Brands

---

**Customer equity** is the value of the customer relationships that the brand creates

**Brand valuation** is the process of estimating the total financial value of the brand

# Branding Strategy: Building Strong Brands

---

Brand strategy decisions include:

- Brand positioning
- Brand name selection
- Brand sponsorship
- Brand development

# Branding Strategy: Building Strong Brands

---

## *Brand Positioning*

Brand strategy decisions include:

- Product attributes
- Product benefits
- Product beliefs and values

# Branding Strategy: Building Strong Brands

---

## *Brand Name Selection*

### Desirable qualities

- Suggests benefits and qualities
- Easy to pronounce, recognize, and remember
- Distinctive
- Extendable
- Translatable for the global economy



# Branding Strategy: Building Strong Brands

---

## *Brand Sponsorship*

- Manufacturer's brand
- Private brand
- Licensed brand
- Co-brand

# Branding Strategy: Building Strong Brands

---

## *Brand Sponsorship*

Private brands provide retailers with advantages

- Product mix control
- Slotting fees for manufacturers' brands
- Higher margins
- Exclusivity

# Branding Strategy: Building Strong Brands

---

## *Brand Development*

- Line extensions
- Brand extensions
- Multibrands
- New brands

# Branding Strategy: Building Strong Brands

---

## *Brand Development*

**Line extensions** occur when a company extends existing brand names to new forms, colors, sizes, ingredients, or flavors of an existing product category

**Brand extensions** extend a brand name to a new or modified product in a new category

# Branding Strategy: Building Strong Brands

---

## *Brand Development*

**Multibrands** are additional brands in the same category

**New brands** are used when existing brands are inappropriate for new products in new product categories or markets

# Branding Strategy: Building Strong Brands

---

## *Managing Brands*

Requires:

- Continuous brand communication
- Customer-centered training
- Brand audits

# Services Marketing

---

## *Types of Service Industries*

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

# Services Marketing

---

## *Nature and Characteristics of a Service*

- Intangibility
- Inseparability
- Variability
- Perishability



# Services Marketing

---

## *Nature and Characteristics of a Service*

**Intangibility** refers to the fact that services cannot be seen, tasted, felt, heard, or smelled before they are purchased

**Inseparability** refers to the fact that services cannot be separated from their providers

# Services Marketing

---

## *Nature and Characteristics of a Service*

**Variability** refers to the fact that service quality depends on who provides it as well as when, where, and how it is provided

**Perishability** refers to the fact that services cannot be stored for later sale or use

# 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
- 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*

Service recovery can turn disappointed customers into loyal customers

- Empower employees
  - Responsibility
  - Authority
  - Incentive

# 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

# PowerPoint created by:

## Ronald Heimler



- **Dowling College, MBA**
- **Georgetown University, BS Business Administration**
- **Adjunct Professor, LIM College, NY**
- **Adjunct Professor, Long Island University, NY**
- **Lecturer, California Polytechnic State University, Pomona, CA**
- **President, Walter Heimler, Inc.**