

*it's good and  
good for you*

## Chapter Eight

### Product, Services, and Brands: Building Customer Value


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## Product, Services, and Branding Strategy

### Topic Outline

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



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## 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 product that consists of activities, benefits or satisfaction that is essentially intangible and does not result in the ownership of anything



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## What Is a Product?

### Products, Services, and Experiences

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

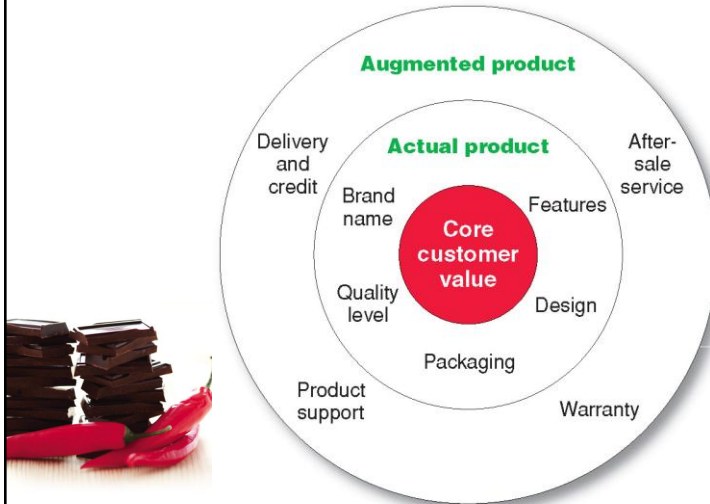


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# What Is a Product?

## Levels of Product and Services



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# 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 for personal consumption
- Classified by how consumers buy them
  - Convenience products
  - Shopping products
  - Specialty products
  - Unsought products



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## What Is a Product?

### Product and Service Classifications

#### Convenience products

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

- Newspapers
- Candy
- Fast food



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# What Is a Product?

## Product and Service Classifications

### Shopping products

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

- Furniture
- Cars
- Appliances



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# What Is a Product?

## Product and Service Classifications

### Specialty products

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



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# What Is a Product?

## Product and Service Classifications

### Unsought products

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



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# What Is a Product?

## Product and Service Classifications

### Industrial products

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



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## 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



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## 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



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## 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



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## 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

**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



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# Product and Service Decisions

## Individual Product and Service Decisions



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# Product and Service Decisions

## Individual Product and Service Decisions

### Product or service attributes

communicate and deliver the benefits

- Quality
- Features
- Style and design



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## Product and Service Decisions

### Individual Product and Service Decisions

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



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## Product and Service Decisions

### Individual Product and Service Decisions

#### Product features

- are a competitive tool for differentiating a product from competitors' products
- are assessed based on the value to the customer versus the cost to the company



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## Product and Service Decisions

### Individual Product and Service Decisions

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

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



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## Product and Service Decisions

### Individual Product and Service Decisions

Product support services augment actual products

*The COMPUTER IS PERSONAL AGAIN*

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## 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



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## Product and Service Decisions

### Product Line Decisions

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

- Line stretching
- Line filling



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## 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



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## Services Marketing

### Types of Service Industries

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

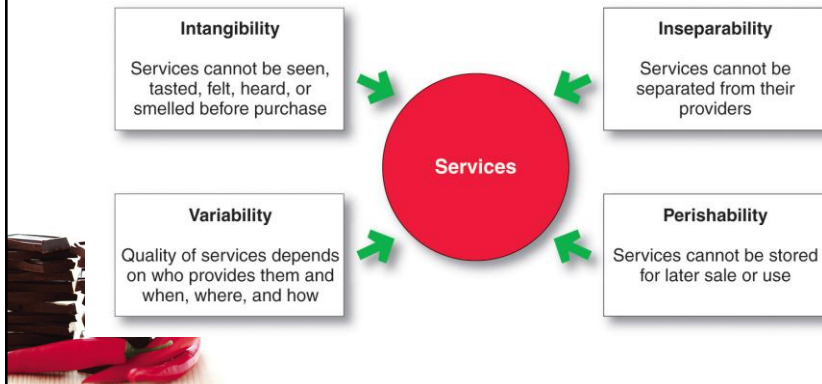


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# Services Marketing

## Nature and Characteristics of a Service



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# 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

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## 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



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## 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

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## 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



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## 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



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## 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



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## 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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## Branding Strategy: Building Strong Brands

### Brand equity

The differential effect that knowing the brand name has on customer response to the product or its marketing.



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## Branding Strategy: Building Strong Brands



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## Branding Strategy: Building Strong Brands

### Brand Positioning

Brand strategy decisions include:

- Product attributes
- Product benefits
- Product beliefs and values



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## Branding Strategy: Building Strong Brands

### Brand Name Selection

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



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# Branding Strategy: Building Strong Brands

## Brand Sponsorship

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



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# Branding Strategy: Building Strong Brands

## Brand Development Strategies

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



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