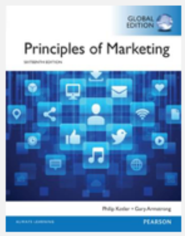
Principles of Marketing
Global Edition

Kotler and Armstrong



Chapter 8:

Products, Services, and Brands

Building Customer Value

Marketing planning begins with formulating an offering to meet target customers' needs or wants. In this chapter we focus on product strategies.

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.

Products include more than just tangible objects, such as cars, computers, or mobile phones. Broadly defined, products also include services, events, persons, places, organizations, ideas, or a mixture of these.

Because of their importance in the world economy, we will look at services more closely later in this chapter. Examples include banking, hotel services, airline travel, retail, wireless communication, and home-repair services.

Products, Services, and Experiences

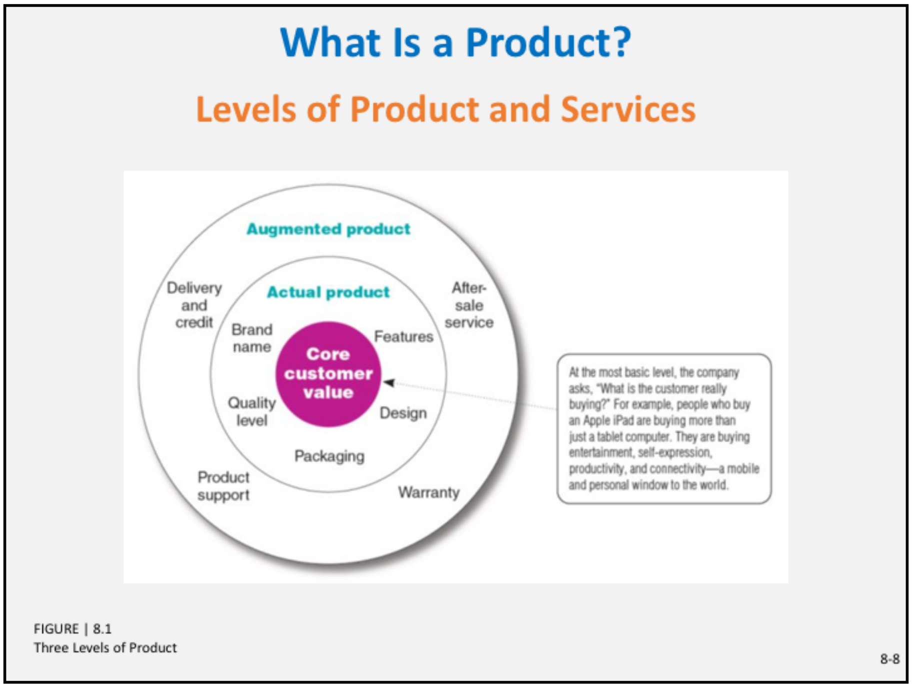
Products and **services** are becoming more commoditized.

Companies are now creating and managing customer **experiences** with their brands or company.

Products are a key element in the overall *market offering*. Marketing mix planning begins with building an offering that brings value to target customers. This offering becomes the basis on which the company builds profitable customer relationships.

A company's market offering often includes both tangible goods and services. At one extreme, the market offer may consist of a *pure tangible good*, such as soap; no services accompany the product. At the other extreme are *pure services*, for which the market offer consists primarily of a service. Examples include a doctor's exam and financial services. Between these two extremes, however, many goods-and-services combinations are possible.

Experiences have always been an important part of marketing for some companies. Disney has long manufactured dreams and memories through its movies and theme parks.



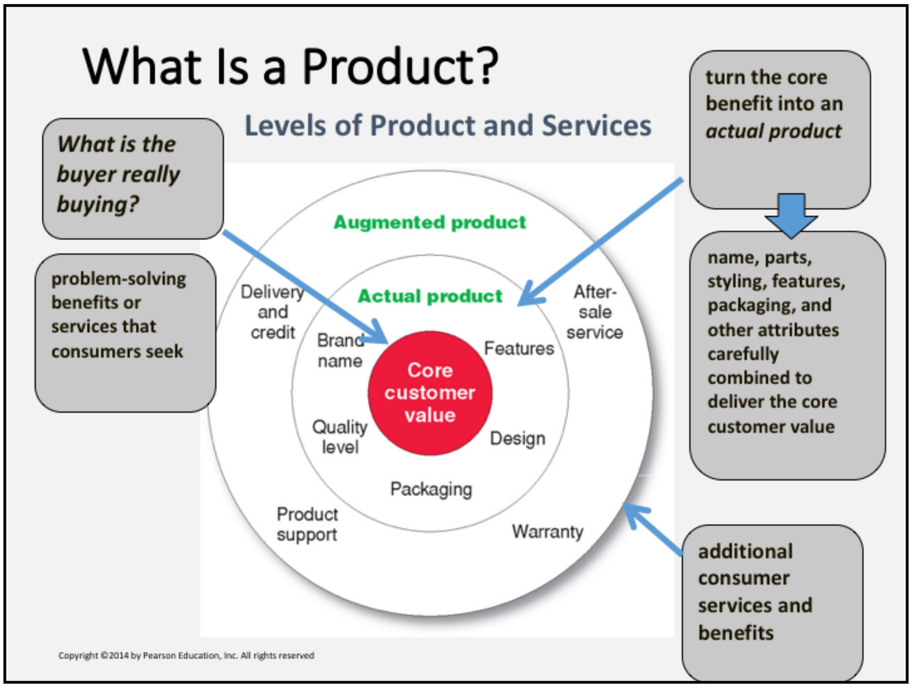
Product planners need to think about products and services on three levels (see Figure 8.1). Each level adds more customer value. The most basic level is the *core customer value*, which addresses the question: *What is the buyer really buying?*

At the second level, product planners must turn the core benefit into an *actual product*. They need to develop product and service features, a design, a quality level, a brand name, and packaging.

Finally, product planners must build an *augmented product* around the core benefit and actual product by offering additional consumer services and benefits.

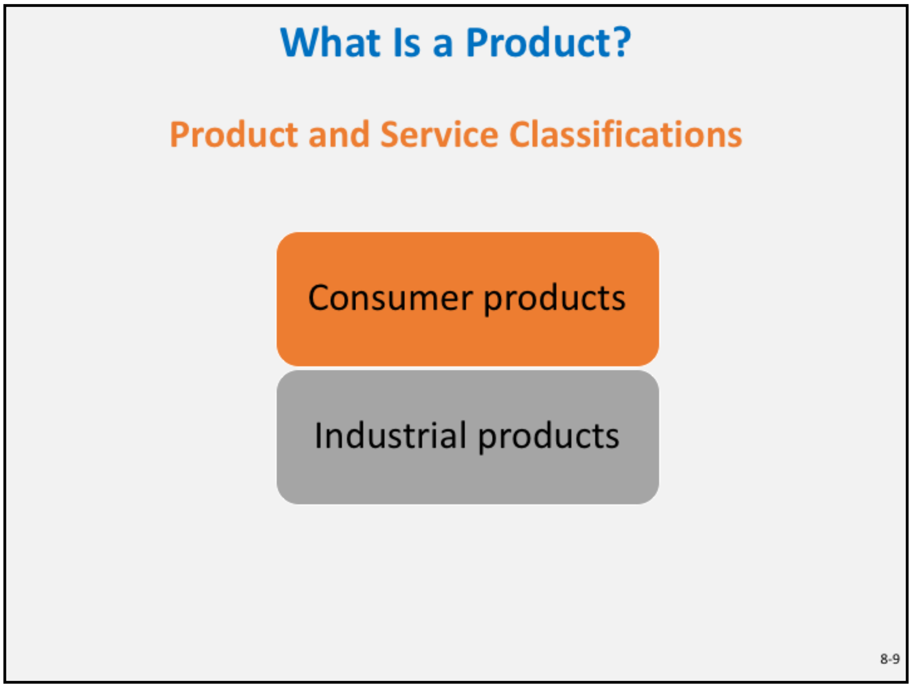
Discussion Question

It is a good idea for the students to bring in some products so the class can discuss the levels of product and services. Products including Gatorade, toothpaste, facial moisturizer, or cosmetics work well in this discussion. You can often find augmented product features on product websites including games, features, and support.



Levels of Product and Services
Product planners need to think about products and services on three levels (see Figure 8.1). Each level adds more customer value. The most basic level is the *core customer value*, which addresses the question: *What is the buyer really buying?* When designing products, marketers must first define the core, problem-solving benefits or services that consumers seek. A woman buying lipstick buys more than lip color. Charles Revson of Revlon saw this early: “In the factory, we make cosmetics; in the store, we sell hope.” And people who buy an Apple iPad are buying much more than just a tablet computer. They are buying entertainment, self-expression, productivity, and connectivity with friends and family—a mobile and personal window to the world.
<ex08.03>
At the second level, product planners must turn the core benefit into an *actual product*. They need to develop product and service features, a design, a quality level, a brand name, and packaging. For example, the iPad is an actual product. Its name, parts, styling, features, packaging, and other attributes have all been carefully combined to deliver the core customer value of staying connected.
Finally, product planners must build an *augmented product* around the core benefit and actual product by offering additional consumer services and benefits. The iPad is more than just a digital device. It provides consumers with a complete connectivity solution. Thus, when consumers buy an iPad, Apple and its resellers also might give buyers a warranty on parts and workmanship, instructions on how to use the device, quick repair services when needed, and a website to use if they have problems or questions. It also provides access to a huge assortment of apps and accessories.
Consumers see products as complex bundles of benefits that satisfy their needs. When developing products, marketers first must identify the *core customer value* that consumers seek from the product. They must then design the *actual* product and find ways to *augment* it to create this customer value and the most satisfying brand experience.

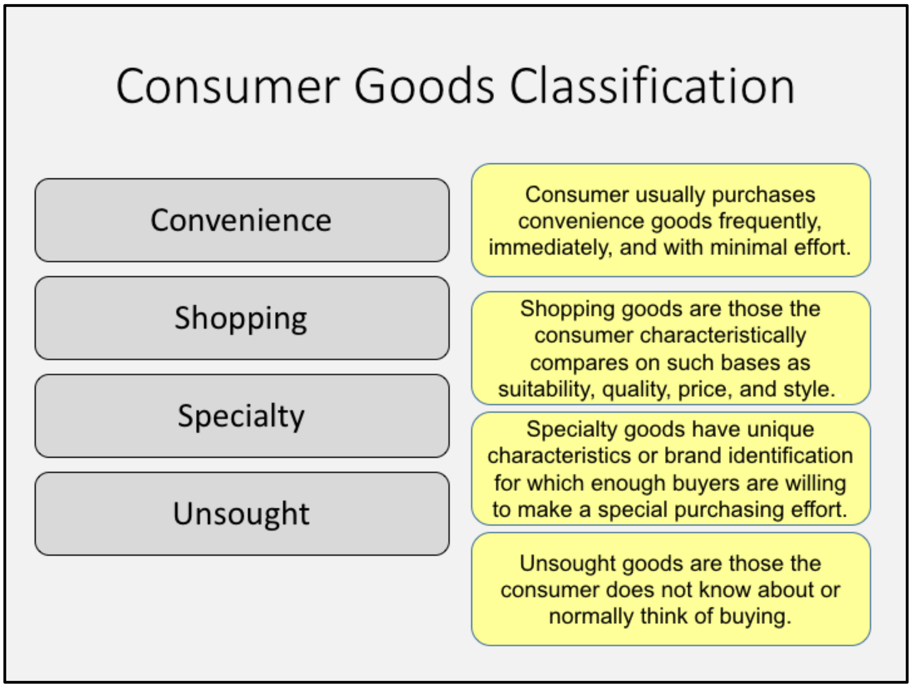
Discussion Question: It is a good idea for the students to bring in some products so the class can discuss the levels of product and services. Products including Gatorade, toothpaste, facial moisturizer or cosmetics work well in this discussion. You can often find augmented product features on the product’s websites including games, features and support.



Two broad classes of products are based on the types of consumers that use them.

Broadly defined, products also include other marketable entities such as experiences, organizations, persons, places, and ideas.

Consumer products differ in the ways consumers buy them and, therefore, in how they are marketed (see Table 8.1).



When we classify the vast array of consumer goods on the basis of shopping habits, we distinguish among convenience, shopping, specialty, and unsought goods. The consumer usually purchases convenience goods frequently, immediately, and with minimal effort. Examples include soft drinks, soaps, and newspapers. Staples are convenience goods consumers purchase on a regular basis. Impulse goods are purchased without any planning or search effort, like candy bars and magazines. Emergency goods are purchased when a need is urgent—umbrellas during a rainstorm, boots and shovels during the first winter snow. Shopping goods are those the consumer characteristically compares on such bases as suitability, quality, price, and style. Examples include furniture, clothing, and major appliances. Homogeneous shopping goods are similar in quality but different enough in price to justify shopping comparisons. Heterogeneous shopping goods differ in product features and services that may be more important than price. Specialty goods have unique characteristics or brand identification for which enough buyers are willing to make a special purchasing effort. Examples include cars, stereo components, and men's suits. Unsought goods are those the consumer does not know about or normally think of buying, such as smoke detectors.

Convenience products are usually low priced, and marketers place them in many locations to make them readily available when customers need or want them.

Discussion Question

What is a convenience product that you buy?

Shopping products are usually distributed through fewer outlets but provide deeper sales support to help customers in their comparison efforts.

Discussion Question
What is a shopping product that you buy?

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

Buyers normally do not compare **specialty products**. They invest only the time needed to reach dealers carrying the wanted products.

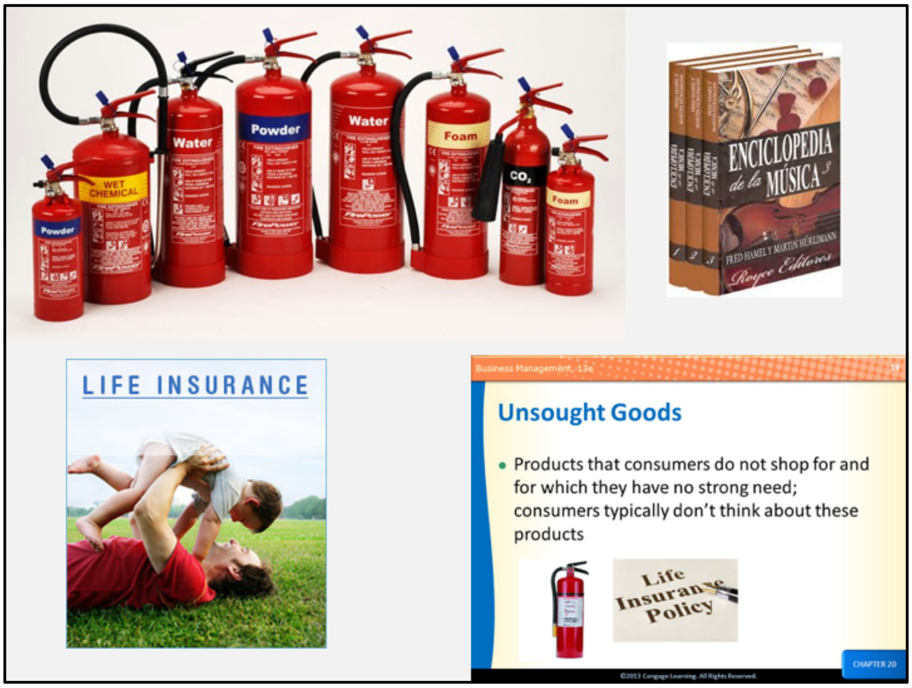
Discussion Questions

What is a specialty product that you buy?

What is a product that could be convenience, shopping, and specialty?
This is a bit of a puzzle. Students might realize that a camera could fall into several categories depending on the buyer and the situation. Certainly, if you are on vacation and you forgot your camera, you would pick one up at a convenience store, pharmacy, or maybe the hotel store. If you were a professional photographer, a camera purchase could easily be specialty if you were buying a $5,000 camera. Other examples might include mats for the floor of an automobile, tires, or a fan.

Most major new innovations are unsought until the consumer becomes aware of them through advertising. By their very nature, **unsought products** require a lot of advertising, personal selling, and other marketing efforts.


Cadbury
DAIRY MILK
ROLEX


Water
Powder
Water
Foam
WET CHEMICAL
Powder
CO2
Foam
ENCICLOPEDIA de la MÚSICA
FRED HAMEL Y MARTIN HÜRLIMANN
Royce Editores
LIFE INSURANCE
Business Management, 13e
Unsought Goods
Products that consumers do not shop for and for which they have no strong need; consumers typically don't think about these products
Life Insurance Policy
CHAPTER 20
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Fanta
Coca-Cola
Sprite


COMTES
BELLE EPOQUE
2004
KRUG
PIPER
CHAMPAGNE
PIPER-HEIDSIECK


PAROS
CLEAN
HWA
SUNG
TECH


SPECIALTY
CONVINIENCE
SHOPPING
UNSOUGHT
Nikon
Canon

CONVENIENCE PRODUCTS

BUY FREQUENTLY AND IMMEDIATELY

- Low priced
- Many purchase locations
- Includes:
  - *Staple goods*
  - *Impulse goods*
  - *Emergency goods*

SHOPPING PRODUCTS

BUY LESS FREQUENTLY

- Gather product information
- Fewer purchase locations
- Compare for:
  - *Suitability & quality*
  - *Price & Style*

Mercedes-Benz

SPECIALTY PRODUCTS

SPECIAL PURCHASE EFFORTS

- Unique characteristics
- Brand Identification
- Few purchase locations

UNSOUGHT PRODUCTS

NEW INNOVATIONS

- Products consumers don´t want to think about
- Require much advertising and personal selling

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

The distinction between a consumer product and an **industrial product** is based on the *purpose* for which the product is purchased. If a consumer buys a lawn mower for use around home, the lawn mower is a consumer product. If the same consumer buys the same lawn mower for use in a landscaping business, the lawn mower is an industrial product.

The three groups of industrial products and services are materials and parts, capital items, and supplies and services.

Materials and parts: Raw materials consist of farm products and natural products. Manufactured materials and parts consist of component materials and component parts. Most manufactured materials and parts are sold directly to industrial users. Price and service are the major marketing factors; branding and advertising tend to be less important.

Capital items are industrial products that aid in the buyer's production or operations, including installations and accessory equipment. Installations consist of major purchases such as buildings and fixed equipment. Accessory equipment includes portable factory equipment and tools and office equipment. They have a shorter life than installations and simply aid in the production process.

The final group of industrial products is ***supplies and services.*** Supplies include operating supplies and repair and maintenance items. Supplies are the convenience products of the industrial field because they are usually purchased with a minimum of effort or comparison. Business services include maintenance and repair services and business advisory services usually supplied under contract.

Expanding the Total Market

✓Every product class has the potential to attract buyers who are unaware of the product or are resisting it because of price or lack of certain features.

✓Marketers can try to **increase the amount, level, or frequency of consumption.** They can sometimes boost the amount through packaging or product redesign. Larger package sizes increase the amount of **product consumers use** at one time.

When the total market expands, the dominant firm usually gains the most. If Heinz can convince more people to use ketchup, or to use ketchup with more meals, or to use more ketchup on each occasion, the firm will benefit considerably because it already sells almost two-thirds of the country's ketchup. In general, the market leader should look for new customers or more usage from existing customers. Every product class has the potential to attract buyers who are unaware of the product or are resisting it because of price or lack of certain features. In addition to sales through our company-operated retail stores, Starbucks sells whole bean coffees through a specialty sales group and supermarkets. Additionally, Starbucks produces and sells bottled Frappuccino® coffee drinks and a line of premium ice creams through its joint venture partnerships and offers a line of innovative premium teas produced by its wholly owned subsidiary, Tazo Tea Company. Marketers can try to increase the amount, level, or frequency of consumption. They can sometimes boost the amount through packaging or product redesign. Larger package sizes increase the amount of product consumers use at one time. Consumers use more of impulse products such as soft drinks and snacks when the product is made more available.

Increasing frequency of consumption, on the other hand, requires either (1) identifying additional opportunities to use the brand in the same basic way or (2) identifying completely new and different ways to use the brand. After discovering that some consumers used Arm & Hammer baking soda as a refrigerator deodorant, the company launched a heavy promotion campaign focusing on this use and succeeded in getting half the homes in the United States to adopt it. Next, the company expanded the brand into a variety of new product categories such as toothpaste, antiperspirant, and laundry detergent.


6 UNEXPECTED
BEAUTY USES
FOR VASELINE
Vaseline
pure petroleum jelly
original

New uses

New Products

New Product Development (NPD)

- **New Product Development** – development of original products, product improvements, product modifications, and new brands through firm´s own R&D efforts.

- Organizations need to replace the existing products with the **new products** to be competitive in the market. The new products help in gathering higher margins and hence have a big role to play in growth and survival of na organization.


Nestlé
KitKat
Per portion
Energy
451 kJ
108 kcal
5%*
*% RI for adults
Per / Pour 100g:
2181 kJ / 521 kcal

Nestlé
KitKat
オトナの甘さ。
静岡・関東土産
田丸屋本店
わさび
WASABI
mini 12枚入り

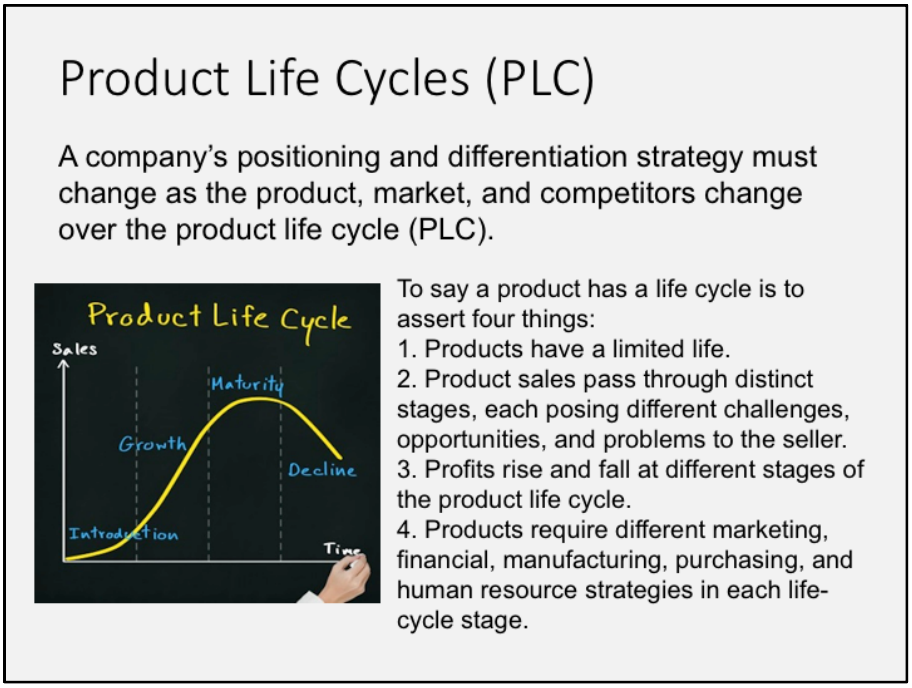
New Products
could be made by:

- Reduction in cost.
- Product improvements to improve form or function.
- Line extensions which are copies of existing products with unique features.

- Market extensions which are original products positioned differently in the new markets.
- New category products which are new to the company but not new to the customers.
- New-to-the-world products which are technological innovations that create new market that did not exist earlier.

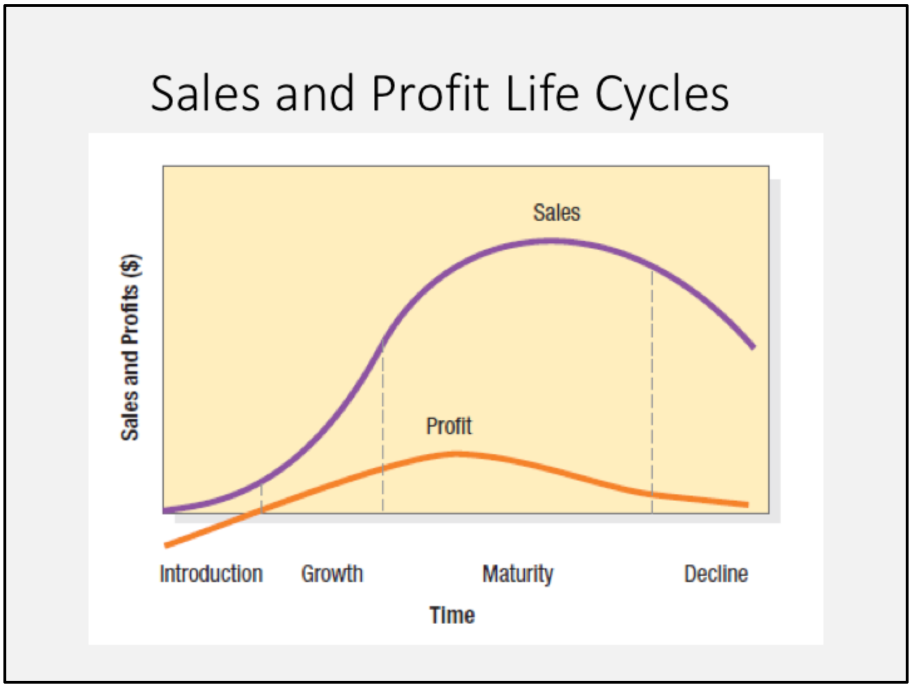

nano


What makes it so cheap?
India's Tata Motors on Monday offers its under-$2,500 Nano, which the company touts is the world's cheapest car. Savings were achieved in the manufacturing, design and absence of features.
Two-cylinder in the back
Windows wind down by hand
No power steering
One windshield wiper
Plastic in bodywork
No air bag
No passenger-side mirror
No A/C
No radio
10 feet
SOURCE: Tata Group
AP

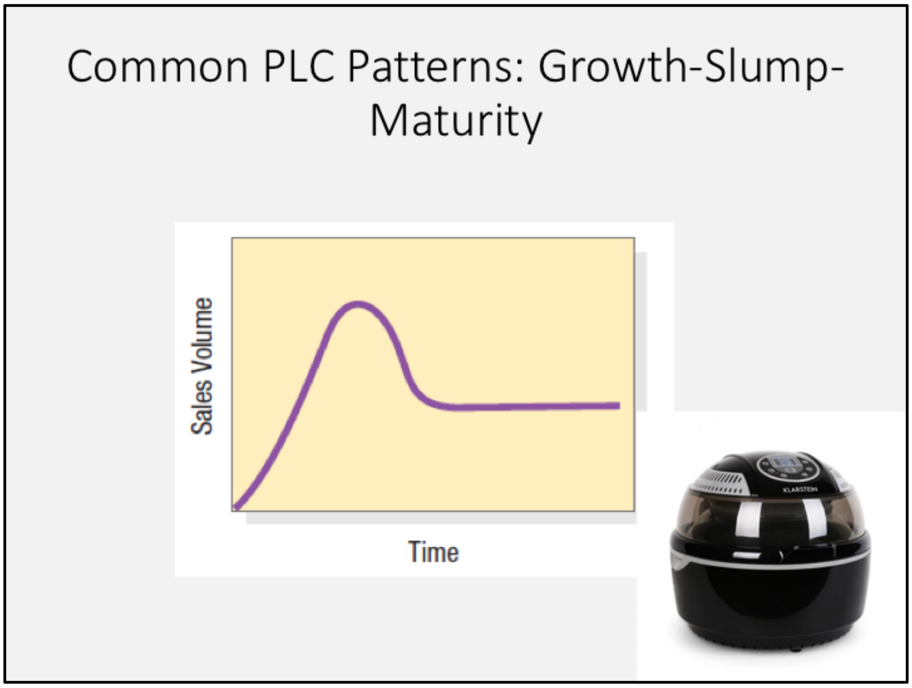


A company's positioning and differentiation strategy must change as the product, market, and competitors change over the product life cycle (PLC). To say a product has a life cycle is to assert four things:

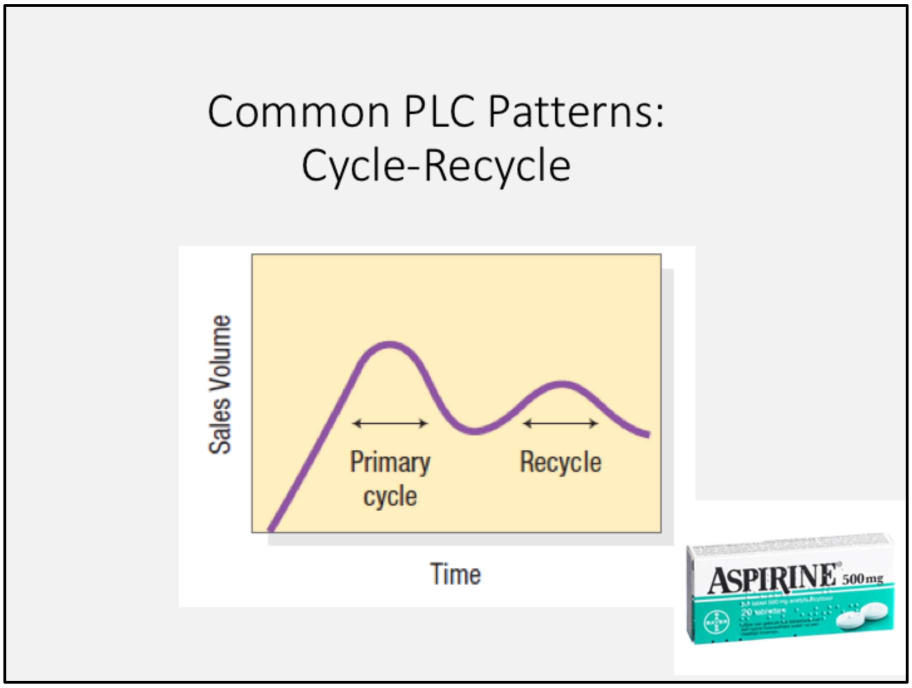
1. Products have a limited life.
2. Product sales pass through distinct stages, each posing different challenges, opportunities, and problems to the seller.
3. Profits rise and fall at different stages of the product life cycle.
4. Products require different marketing, financial, manufacturing, purchasing, and human resource strategies in each life-cycle stage.



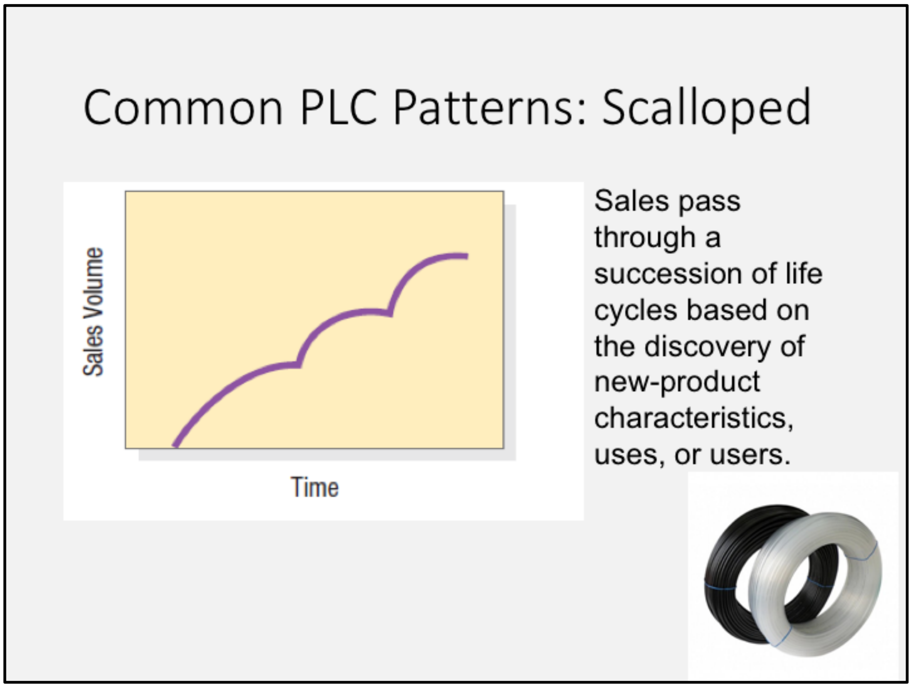
Most product life-cycle curves are portrayed as bell-shaped as shown in Figure 11.4. This curve is typically divided into four stages: introduction, growth, maturity, and decline.
In the Introduction stage, there is a period of slow sales growth as the product is introduced in the market. Profits are nonexistent because of the heavy expenses of product introduction.
In the Growth stage, there is a period of rapid market acceptance and substantial profit improvement.
In the Maturity stage, there is a slowdown in sales growth because the product has achieved acceptance by most potential buyers. Profits stabilize or decline because of increased competition.
In Decline, sales show a downward drift and profits erode.



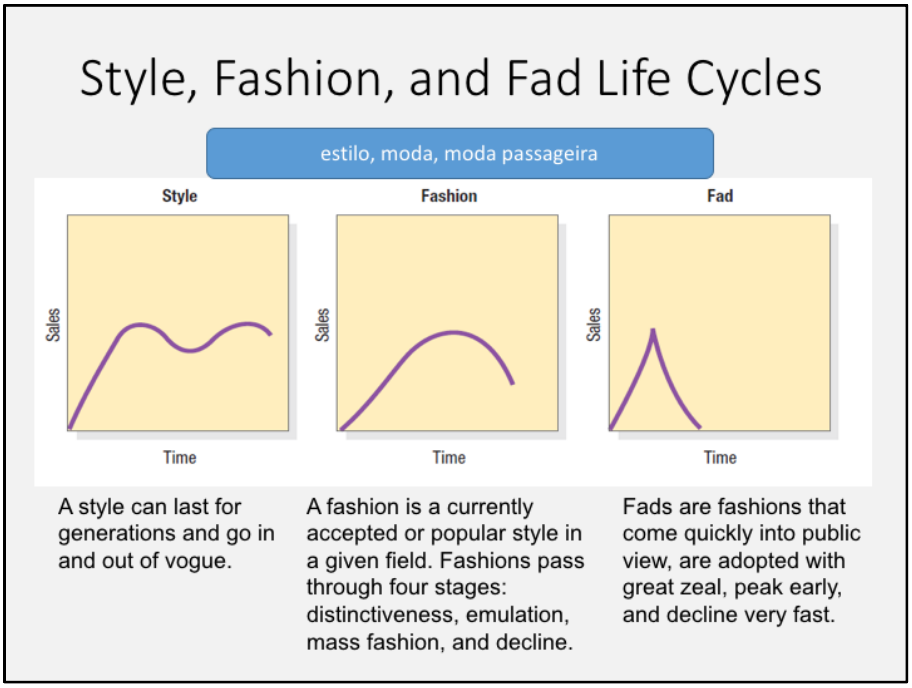
We can use the PLC concept to analyze a product category (liquor), a product form (white liquor), a product (vodka), or a brand (Smirnoff). Not all products exhibit a bell-shaped PLC. Three common alternate patterns are shown in Figure 11.5.
Figure 11.5 (a) shows a growth-slump-maturity pattern, characteristic of small kitchen appliances, for example, such as handheld mixers and bread makers. Sales grow rapidly when the product is first introduced and then fall to a "petrified" level sustained by late adopters buying the product for the first time and early adopters replacing it.



The cycle-recycle pattern in Figure 11.5 (b) often describes the sales of new drugs. The pharmaceutical company aggressively promotes its new drug, producing the first cycle. Later, sales start declining, and another promotion push produces a second cycle (usually of smaller magnitude and duration).

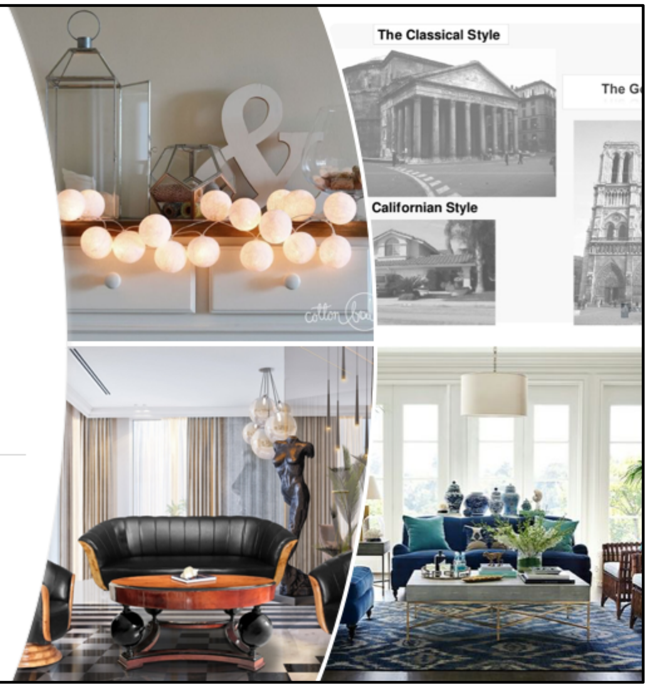


Another common pattern is the scalloped PLC in Figure 11.5 (c). Here, sales pass through a succession of life cycles based on the discovery of new-product characteristics, uses, or users.



We need to distinguish three special categories of product life cycles—styles, fashions, and fads as shown in Figure 11.6. A style is a basic and distinctive mode of expression appearing in a field of human endeavor. Styles appear in homes (colonial, ranch, Cape Cod), clothing (formal, business casual, sporty), and art (realistic, surrealistic, abstract). A style can last for generations and go in and out of vogue. A fashion is a currently accepted or popular style in a given field. Fashions pass through four stages: distinctiveness, emulation, mass fashion, and decline. Fads are fashions that come quickly into public view, are adopted with great zeal, peak early, and decline very fast.

Styles



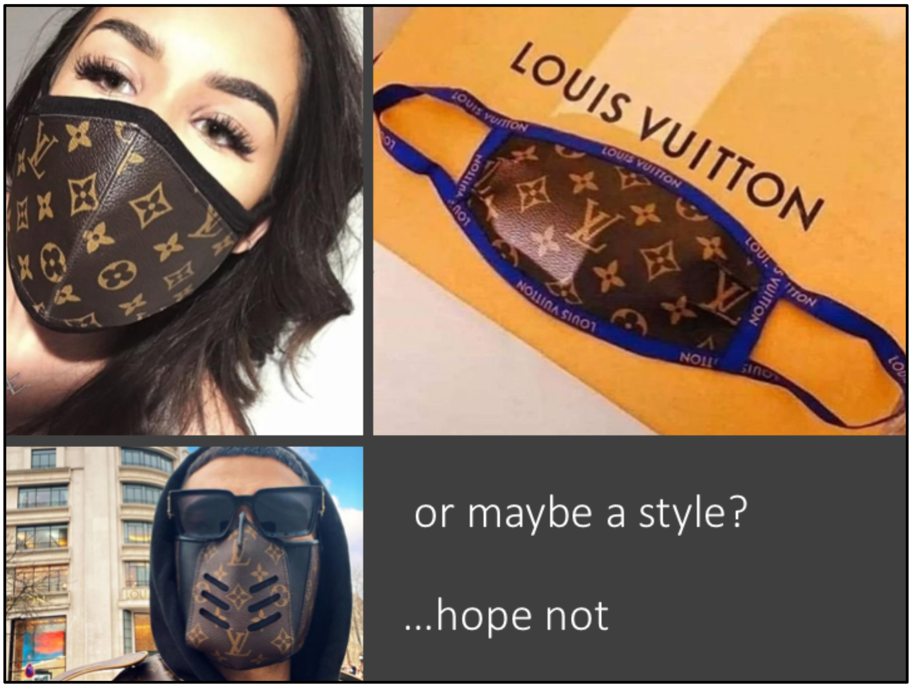

1965
1965


Widget spinner is a fad


Slime is a fad


It's Not Me
It's You


Fashion or fad?


LOUIS VUITTON
or maybe a style?
...hope not

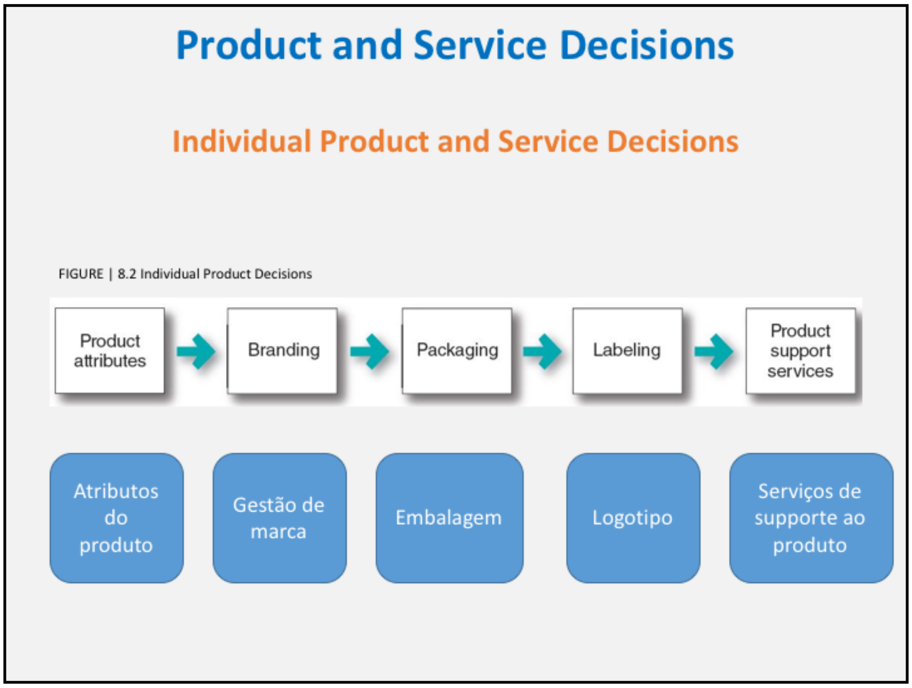
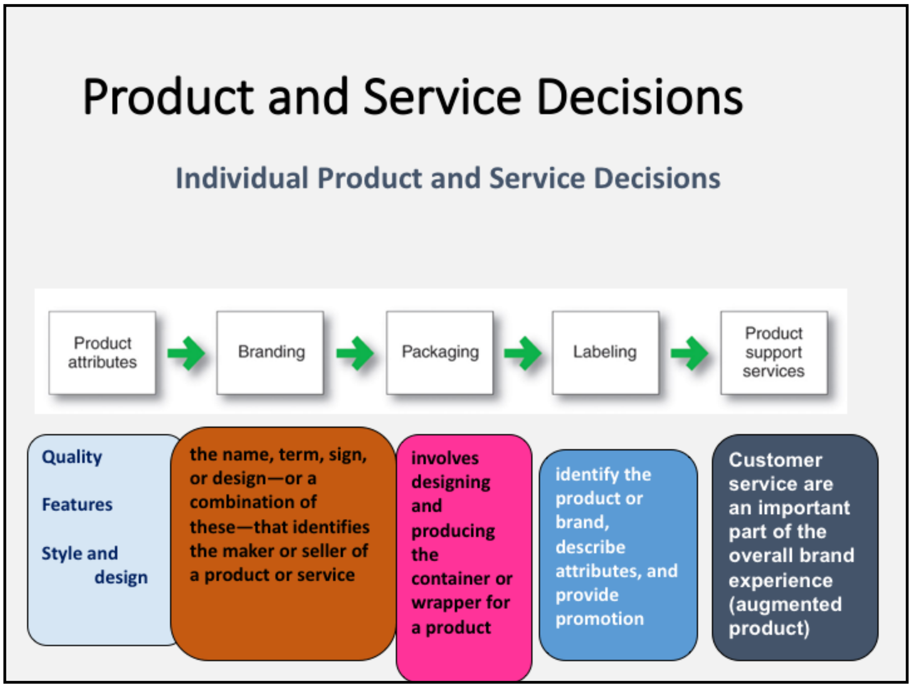


Figure 8.2 shows the important decisions in the development and marketing of individual products and services. We will examine decisions about *product attributes*, *branding*, *packaging*, *labeling*, and *product support services*.



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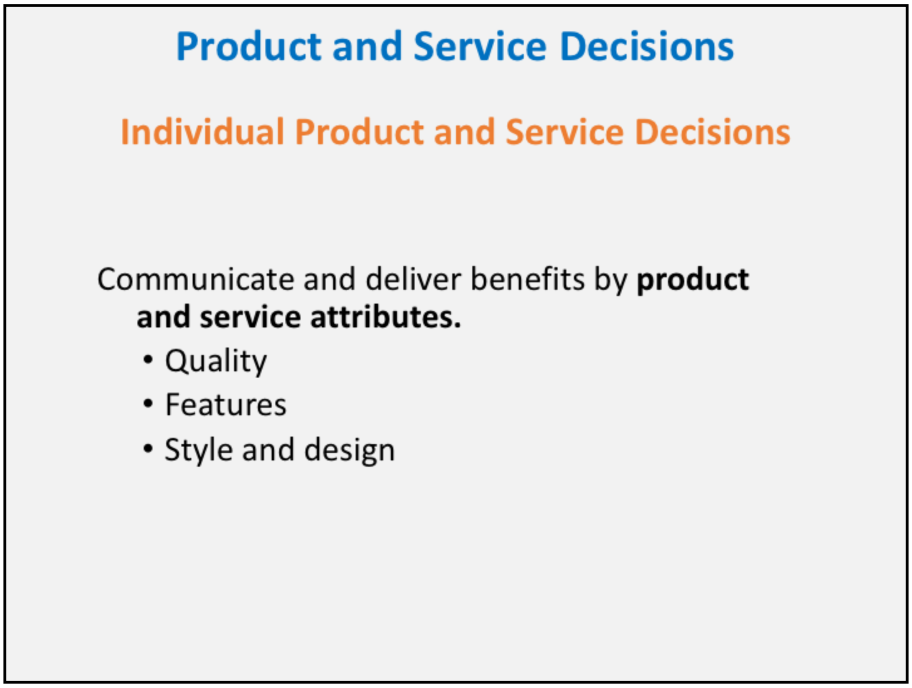

Developing a product or service involves defining the benefits that it will offer.

Product quality is one of the marketer’s major positioning tools. Quality affects product or service performance; thus, it is closely linked to customer value and satisfaction. In the narrowest sense, quality can be defined as “freedom from defects.” But most marketers go beyond this narrow definition. Instead, they define quality in terms of creating customer value and satisfaction.

Total quality management (*TQM*) is an approach in which all of the company’s people are involved in constantly improving the quality of products, services, and business processes..

Today, companies are taking a *return-on-quality* approach, viewing quality as an investment and holding quality efforts accountable for bottom-line results.

Product quality has two dimensions: level and consistency. In developing a product, the marketer must first choose a *quality level* that will support the product’s positioning. Here, product quality means *performance quality*—the product’s ability to perform its functions.

Beyond quality level, high quality also can mean high levels of quality consistency. Here, product quality means *conformance quality*—freedom from defects and *consistency* in delivering a targeted level of performance. All companies should strive for high levels of conformance quality.

Product and Service Decisions

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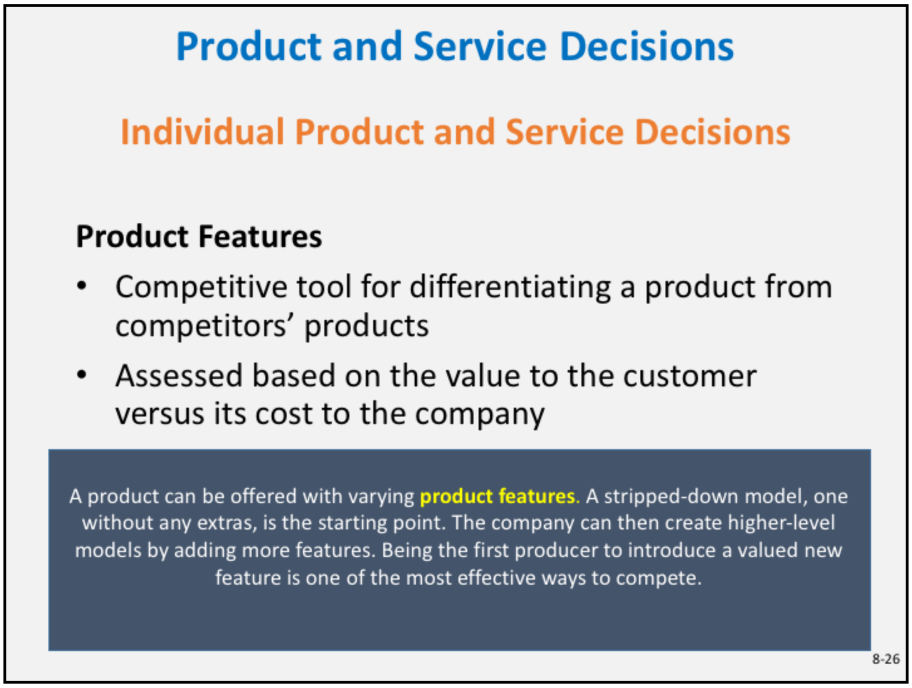


A product can be offered with varying **product features**. A stripped-down model, one without any extras, is the starting point. The company can then create higher-level models by adding more features. Being the first producer to introduce a valued new feature is one of the most effective ways to compete.

How can a company identify new features and decide which ones to add to its product? It should periodically survey buyers who have used the product and ask these questions: How do you like the product? Which specific features of the product do you like most? Which features could we add to improve the product? The answers to these questions provide the company with a rich list of feature ideas.

The company can then assess each feature's *value* to customers versus its *cost* to the company. Features that customers value highly in relation to costs should be added.


Elite i20 Complete List of All Accessories with Price
Elite i20 Fully Modified
Team Car Delight

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.

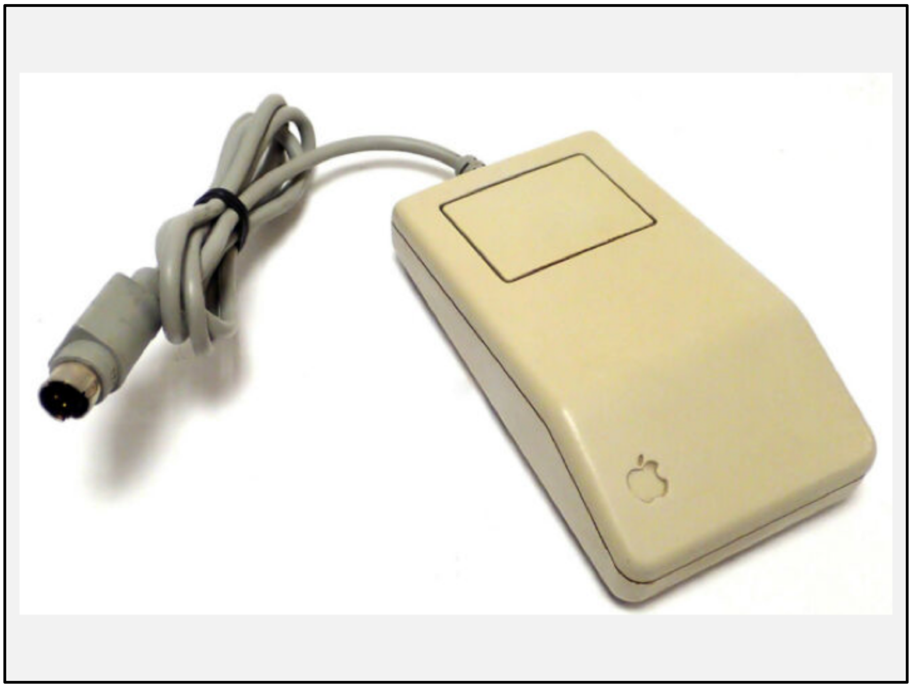
https://www.youtube.com/watch?v=u2w12VcdaSo

Through award-winning, consumer-driven design, Nest Labs created the **Nest Learning Thermostat**, a sleek device that both looks good and is easy, fun, and effective to use. "Teach it well," says the company, "and it can lower your heating and cooling bills up to 20 percent."

Another way to add customer value is through distinctive *product style and design*. Design is a larger concept than style.

Good design doesn't start with brainstorming new ideas and making prototypes. Design begins with observing customers, deeply understanding their needs, and shaping their product-use experience. Product designers should think less about technical product specifications and more about how customers will use and benefit from the product.

<u>Kelly bag</u> **Italian trademark no. 1003725, Italian trademark no. 882873, Community trademark no. 002083327**			
<u>Birkin bag</u> **Italian trademark no. 1003726, Italian trademark no. 882872, Community trademark no. 4467247**			




@msaninm

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.

Packaging
Traditionally, the primary function of the package was to hold and protect the product. In recent times, however, packaging has become an important marketing tool as well. Increased competition and clutter on retail store shelves means that packages must now perform many sales tasks—from attracting buyers, to communicating brand positioning, to closing the sale.

Companies are realizing the power of good packaging to create immediate consumer recognition of a brand. In a highly competitive environment, packaging may be the seller’s last and best chance to influence buyers.

Poorly designed packages can cause headaches for consumers and lost sales for the company. Think about all those hard-to-open packages and overpackaging. Overpackaging creates an incredible amount of waste, frustrating those who care about the environment.

By contrast, innovative packaging can give a company an advantage over competitors and boost sales. For example, Puma replaced the traditional shoebox with an attractive and functional yet environmentally friendly alternative—the Clever Little Bag shown in this slide.

Product safety and growing environmental concerns have become a major packaging concern.

Labeling
Labels range from simple tags attached to products to complex graphics that are part of the packaging. For many companies, labels have become an important element in broader marketing campaigns. Labels and brand logos can support the brand’s positioning and add personality to the brand.

There has been a long history of legal concerns about packaging and labels due to a failure to describe important ingredients or include needed safety warnings.

The Fair Packaging and Labeling Act of 1966, which set mandatory labeling requirements, encouraged voluntary industry packaging standards, and allowed federal agencies to set packaging regulations in specific industries.

Labeling has been affected in recent times by *unit pricing, open dating* and *nutritional labeling*. Federal regulations require sellers to provide detailed nutritional information and regulate the use of health-related terms such as *low fat*, *light*, and *high fiber*. Sellers must ensure that their labels contain all the required information.


LOUIS VUITTON
dreamstime.com
LOUIS VUITTON
LOUIS VUITTON

Packaging


THE ACCENT
A white satin ribbon, tied on at the counter, is the de rigueur accompaniment to the signature blue box. During the holidays, Tiffany uses a red ribbon instead.
THE NAME
Tiffany & Co. boxes are embossed, in Baskerville Old Face, with Tiffany & Co.—but they really don't need to be. The blue pretty much says it all.
THE COLOR
Pantone No. 1837 (coined for the year of Tiffany's founding) is also known as forget-me-not blue and robin's egg blue. It is the most protected color in branding.
THE BOX
Pantone makes the blue-coated paper packaging for Tiffany. The store's flagship might be on New York's Fifth Avenue, but the boxes come from Carlstadt, N.J.


TIFFANY & CO.
PLEASE RETURN TO
TIFFANY & CO.
NEW YORK
TIFFANY & CO.

BABY & CO
TIFFANY PARTY IDEAS
TIFFANY INSPIRED
BREAKFAST AT TIFFANY'S
H A P P Y B I R T H D A Y


CHANEL
CHANEL CRUISE 2018/19: TIFFANY BLUE
If There's Only One Chanel You Must Own, This Is It!


CHANEL
CHANEL
CHANEL
CHANEL


CHANEL
CHANEL

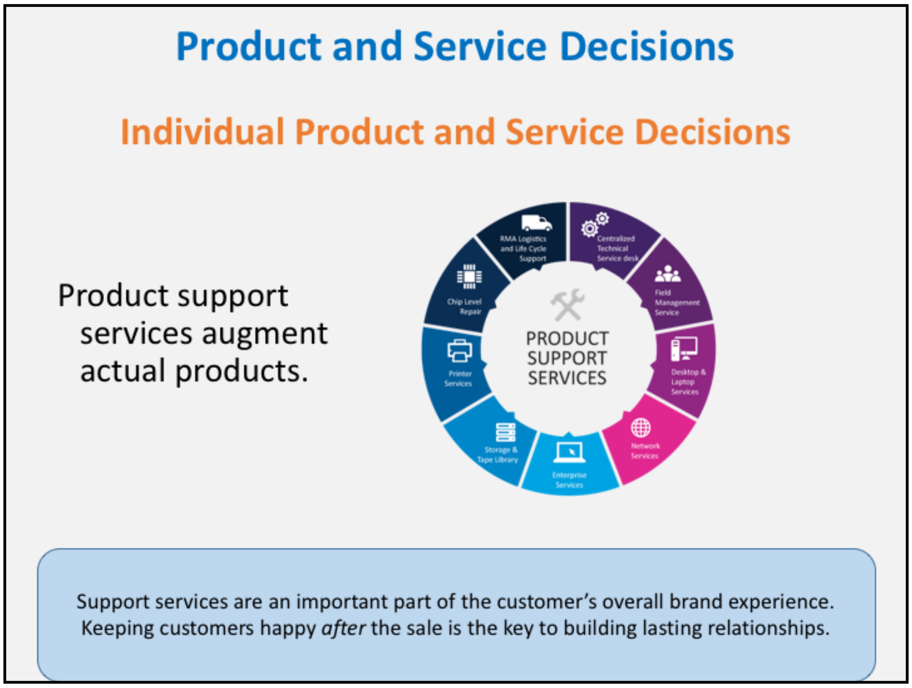

CHANEL


CHANEL
CHANEL
CHANEL
31, RUE CAMBON - PARIS
CHANEL
CHANEL
CUIR DE RUSSIE
CHANEL
PARIS
CHANEL
N°5
CHANEL
PARIS
CHANEL
CAFE MAKEUP


MacBook
iPhone

Packaging

https://www.youtube.com/watch?v=vwRulz8hPKI



Customer service: For more than 100 years, L.L.Bean has been going the extra mile for customers. As founder Leon Leonwood Bean put it: "I do not consider a sale complete until [the] goods are worn out and the customer [is] still satisfied."

Customer service is another element of product strategy. A company's offer usually includes some **product support services**, which can be a minor part or a major part of the total offering. Support services are an important part of the customer's overall brand experience. Keeping customers happy *after* the sale is the key to building lasting relationships.

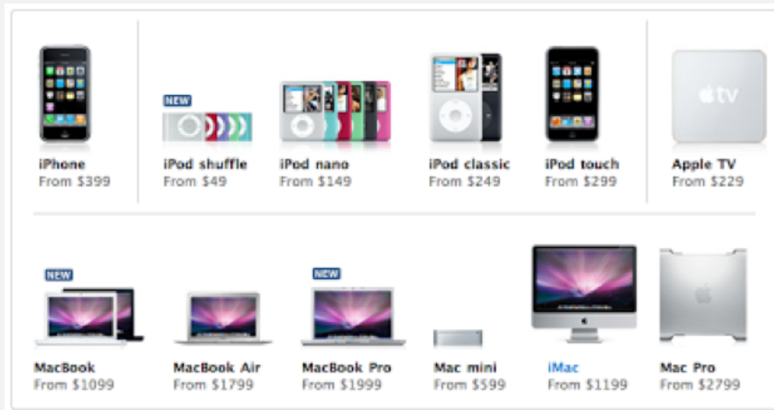
Many companies now use a sophisticated mix of phone, e-mail, online, social media, mobile, and interactive voice and data technologies to provide support services that were not possible before. For example, Lowe's has equipped employees with 42,000 iPhones filled with custom apps and add-on hardware, letting them perform service tasks such as checking inventory at nearby stores, looking up specific customer purchase histories, sharing how-to videos, and checking competitor prices—all without leaving the customer's side.

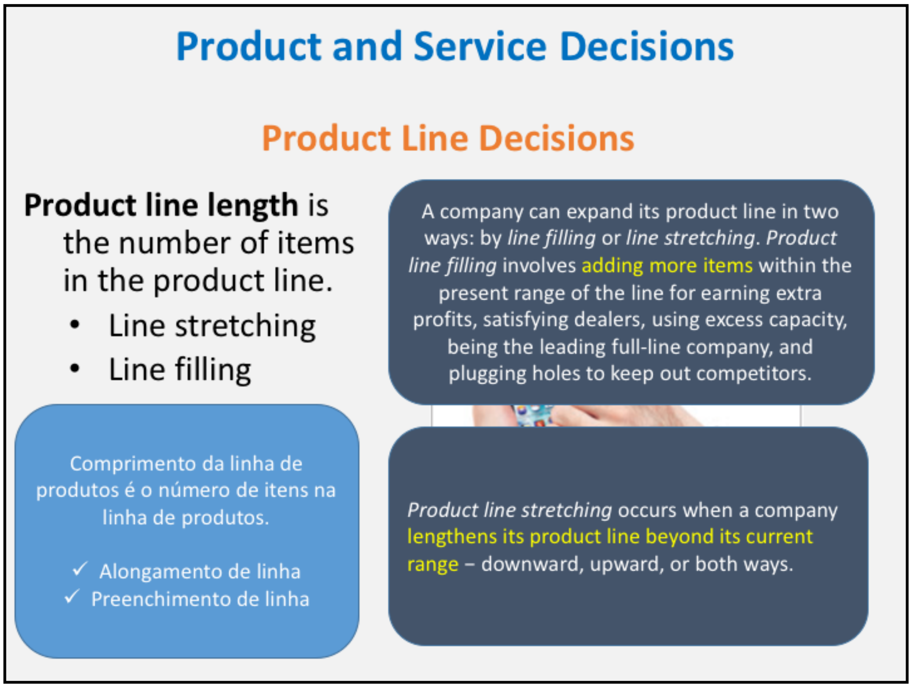
Product and Service Decisions

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.

The major product line decision involves *product line length*—the number of items in the product line. The line is too short if the manager can increase profits by adding items; the line is too long if the manager can increase profits by dropping items. Managers need to analyze their product lines periodically to assess each item's sales and profits and understand how each item contributes to the line's overall performance.


iPhone
From $399
NEW
iPod shuffle
From $49
iPod nano
From $149
iPod classic
From $249
iPod touch
From $299
Apple TV
From $229
NEW
MacBook
From $1099
MacBook Air
From $1799
NEW
MacBook Pro
From $1999
Mac mini
From $599
iMac
From $1199
Mac Pro
From $2799



Product line stretching and filling: Samsung's bulging Galaxy mobile devices line now offers a size for any need or preference, including smartphones, "phablets," tablets, and even a wristwatch-like wearable smartphone, the Galaxy Gear.

A company can expand its product line in two ways: by *line filling* or *line stretching*. *Product line filling* involves adding more items within the present range of the line for earning extra profits, satisfying dealers, using excess capacity, being the leading full-line company, and plugging holes to keep out competitors. However, line filling is overdone if it results in cannibalization and customer confusion. The company should ensure that new items are noticeably different from existing ones.

Product line stretching occurs when a company lengthens its product line beyond its current range – downward, upward, or both ways.

Companies located at the upper end of the market can stretch their lines *downward*. A company may stretch downward to plug a market hole that otherwise would attract a new competitor or respond to a competitor's attack on the upper end. Or it may add low-end products because it finds faster growth taking place in the low-end segments.

Companies can also stretch their product lines *upward*. Sometimes, companies stretch upward to a
current products. Or they may be attracted by a faster growth rate or higher margins at the higher

Successful Product Line Stretching

- Sales was increased
- Access to different markets
- New customers
- Competitive ability
- Improving a reputation

TOYOTA

LEXUS

The product mix: The Clorox Company has a nicely contained product mix consistent with its mission to "make everyday life better every day."

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 mix 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.

These product mix dimensions provide the handles for defining the company's product strategy and increasing business.

From time to time, a company may also have to streamline its product mix to pare out marginally performing lines and models and to regain its focus.

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

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

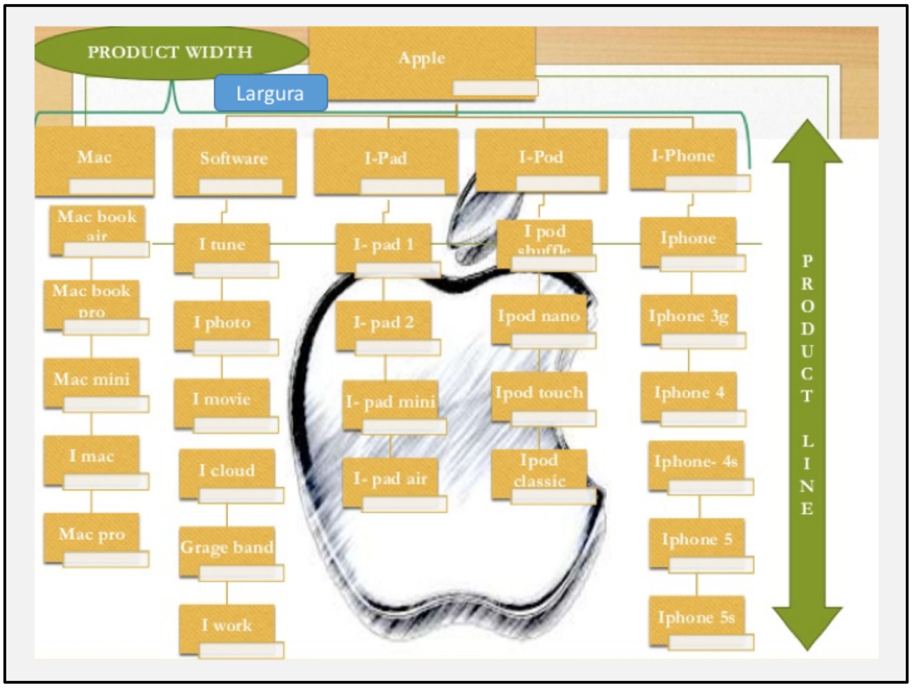
Consistency is how closely the various product lines are in end use, production requirements, or distribution channels.

Largura do mix de produtos é o número de diferentes linhas de produtos que a empresa possui.

O **comprimento** do mix de produtos é o número total de itens que a empresa tem em suas linhas de produtos.

A **profundidade** do mix de produtos é o número de versões oferecidas para cada produto na linha.

Consistência é a proximidade com a qual as várias linhas de produtos estão em uso final, requisitos de produção ou canais de distribuição.

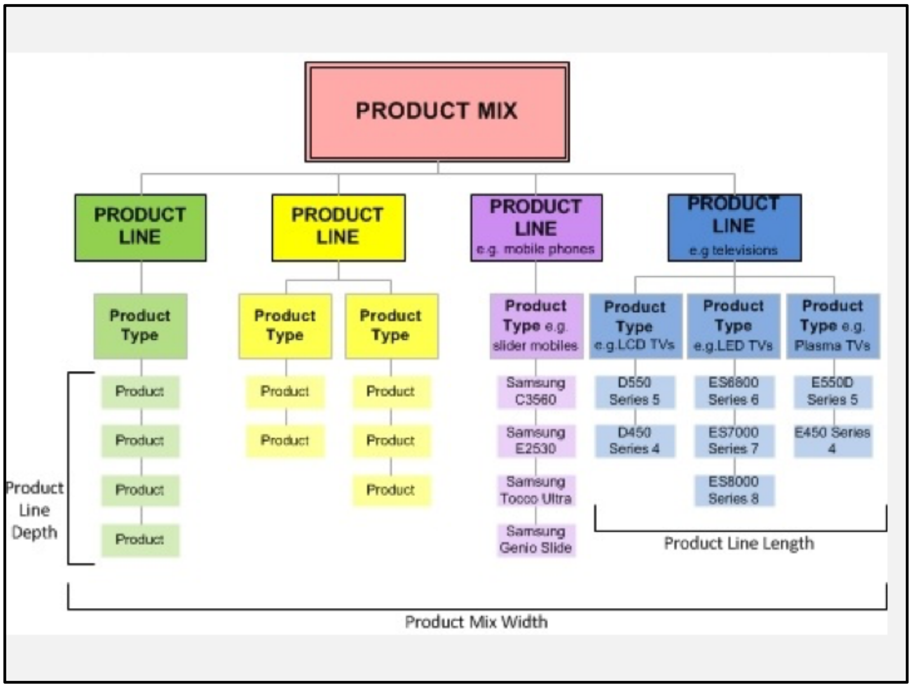

PRODUCT WIDTH
Largura
Apple
Mac
Software
I-Pad
I-Pod
I-Phone
Mac book air
Mac book pro
Mac mini
I mac
Mac pro
I tune
I photo
I movie
I cloud
Grage band
I work
I- pad 1
I- pad 2
I- pad mini
I- pad air
I pod shuffle
Ipod nano
Ipod touch
Ipod classic
Iphone
Iphone 3g
Iphone 4
Iphone- 4s
Iphone 5
Iphone 5s
PRODUCT LINE

Product Line Depth

Profundidade

PRODUCT DEPTH

I PHONE	I PAD	MAC BOOK
I PHONE 3G, 8 GB	I PAD AIR, 16 GB	MacBook Pro (15")
I PHONE 3G, 16 GB	I PAD AIR, 32 GB	MacBook Pro (17")
I PHONE 5S 32 GB	I PAD MINI 7 INCH	Mac OS X Leopard (10.5)
I PHONE 5S 64 GB	I PAD MINI 10.1 INCH	MacBook Pro (3rd gen) (Late 2013)


PRODUCT MIX
PRODUCT LINE
PRODUCT LINE
PRODUCT LINE e.g. mobile phones
PRODUCT LINE e.g televisions
Product Type
Product Type
Product Type
Product Type e.g. slider mobiles
Product Type e.g.LCD TVs
Product Type e.g.LED TVs
Product Type e.g. Plasma TVs
Product
Product
Product
Product
Product
Product
Product
Product
Product
Samsung C3560
Samsung E2530
Samsung Tocco Ultra
Samsung Genio Slide
D550 Series 5
D450 Series 4
ES6800 Series 6
ES7000 Series 7
ES8000 Series 8
E550D Series 5
E450 Series 4
Product Line Depth
Product Line Length
Product Mix Width

SERVICES

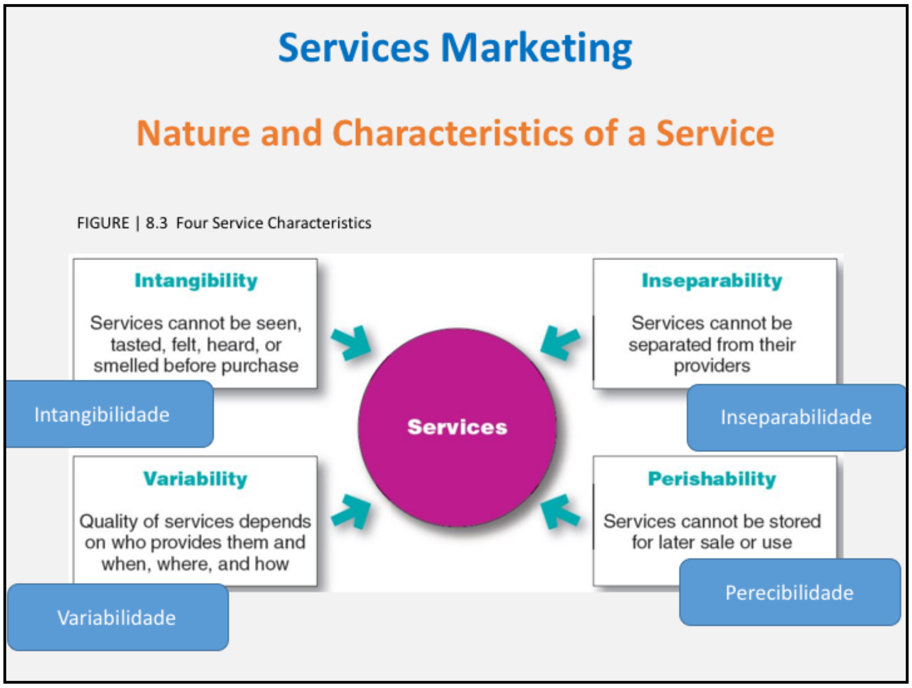
Services have grown dramatically in recent years. The service industry is growing and now accounts for 80 percent of the U.S. gross domestic product (GDP). Services are growing even faster in the world economy, making up 64 percent of the gross world product.

Service industries vary greatly:

Governments offer services through courts, employment services, hospitals, military services, police and fire departments, the postal service, and schools.

Private not-for-profit organizations offer services through museums, charities, churches, colleges, foundations, and hospitals.

Business organizations offer services such as airlines, banks, hotels, insurance companies, consulting firms, medical and legal practices, entertainment and telecommunications companies, real estate firms, retailers, and others.



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.

Variability refers to the fact that service quality depends on who provides the services as well as when, where, and how the services are provided.

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

In a service business, the customer and the front-line service employee *interact* to co-create the service. Effective interaction, in turn, depends on the skills of front-line service employees and on the support processes backing these employees.

Thus, successful service companies focus their attention on *both* their customers and their employees. They understand the **service profit chain**, which links service firm profits with employee and customer satisfaction.

Good service firms use marketing to position themselves strongly in chosen target markets. FedEx promises to take your packages “faster, farther”; Angie’s List offers “reviews you can trust.” At Hampton, “We love having you here.” In addition to traditional marketing mix activities, services require additional marketing approaches.

Internal service quality requires superior employee selection and training, a quality work environment, and strong support for those dealing with customers.

Satisfied and productive service employees are more satisfied, loyal, and hardworking employees.

Greater service value relates to more effective and efficient customer value creation and service delivery.

Satisfied and loyal customers make repeat purchases and refer other customers.

Healthy service profits and growth relate to superior service firm performance.

Service marketing requires more than just traditional external marketing using the four Ps. Figure 8.4 shows that service marketing also requires *internal marketing* and *interactive marketing* (next slide.)

With **internal marketing**, marketers must get everyone in the organization to be customer centered. In fact, internal marketing must *precede* external marketing.

Interactive marketing: In services marketing, service quality depends on both the service deliverer and the quality of delivery. Service marketers have to master interactive marketing skills. Thus, Four Seasons selects only people with an innate “passion to serve” and provides three months of training to instruct them carefully in the fine art of interacting with customers to satisfy their every need.

In these days of intense price competition, service marketers must develop a differentiated offer, delivery, and image.

The *offer* can include innovative features that set one company's offer apart from competitors' offers. For example, some retailers differentiate themselves by offerings that take you well beyond the products they stock.

At Dick's Sporting Goods customers can sample shoes on Dick's indoor footwear track, test golf clubs with an on-site golf swing analyzer and putting green, shoot bows in its archery range, and receive personalized fitness product guidance from an in-store team of fitness trainers. Such differentiated services help make Dick's "the ultimate sporting goods destination store for core athletes and outdoor enthusiasts."

Service companies can differentiate their service *delivery* by having more able and reliable customer-contact people, developing a superior physical environment in which the service product is delivered, or designing a superior delivery process. For example, many grocery chains now offer online shopping and home delivery.

Finally, service companies also can work on differentiating their *images* through symbols and branding. Aflac adopted the duck as its advertising symbol. The well-known Aflac duck helped make the big but previously unknown insurance company memorable and approachable.

Other well-known service characters and symbols include the GEICO gecko, Progressive Insurance's Flo, McDonald's golden arches, Allstate's "good hands," and the Twitter bird.

Services Marketing

Marketing Strategies for Service Firms

Managing service quality enables a service firm to differentiate itself by delivering consistently higher quality than its competitors provide.

8-4112

The customer-driven quality movement requires service providers to identify what target customers expect in regard to service quality. Service quality is harder to define and judge than product quality. Customer retention is perhaps the best measure of quality.

Top service companies set high service-quality standards. They watch service performance closely, both their own and that of competitors. They do not settle for merely good service—they strive for 100 percent defect-free service. A 98 percent performance standard may sound good, but using this standard, the U.S. Postal Service would lose or misdirect 440,000 pieces of mail each hour, and U.S. pharmacists would misfill more than 75.3 million prescriptions each week.

Service quality will always vary, depending on the interactions between employees and customers, yet even the best companies will occasionally deliver services which fall short of customer expectations. However, good *service recovery* can turn angry customers into loyal ones and can win more customer purchasing and loyalty than if things had gone well in the first place.

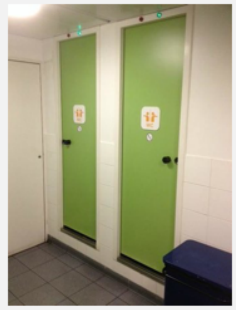
For example, Southwest airlines has a proactive customer communications team whose job is to find the situations in which something went wrong. The team's communications to passengers have three basic components: a sincere apology, a brief explanation of what happened, and a gift to make it up, usually a voucher in dollars that can be used on their next Southwest flight. Surveys show that when Southwest handles a delay situation well, customer service quality rankings score 14 to 16 points higher than on regular on-time flights.

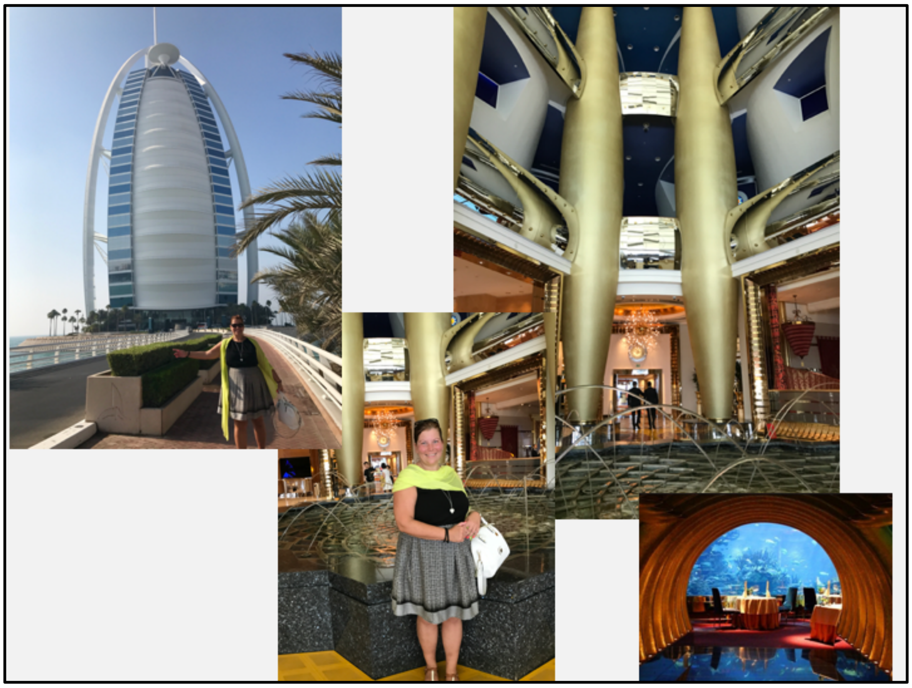
These days, social media such as Facebook and Twitter can help companies root out and remedy customer dissatisfaction with service.

With their costs rising rapidly, service firms are under great pressure to increase service productivity. A service provider can harness the power of technology to make service workers more productive.

However, companies must avoid pushing productivity so hard that doing so reduces quality. Attempts to streamline a service or cut costs can make a service company more efficient in the short run. But that can also reduce its longer-run ability to innovate, maintain service quality, or respond to consumer needs and desires. For example, some airlines have learned this lesson the hard way as they attempt to economize by cutting back personal counter service, eliminating free snacks, and charging extra for everything from luggage to aisle seats. The result is a plane full of resentful customers. In their attempts to improve productivity, these airlines have mangled customer service.

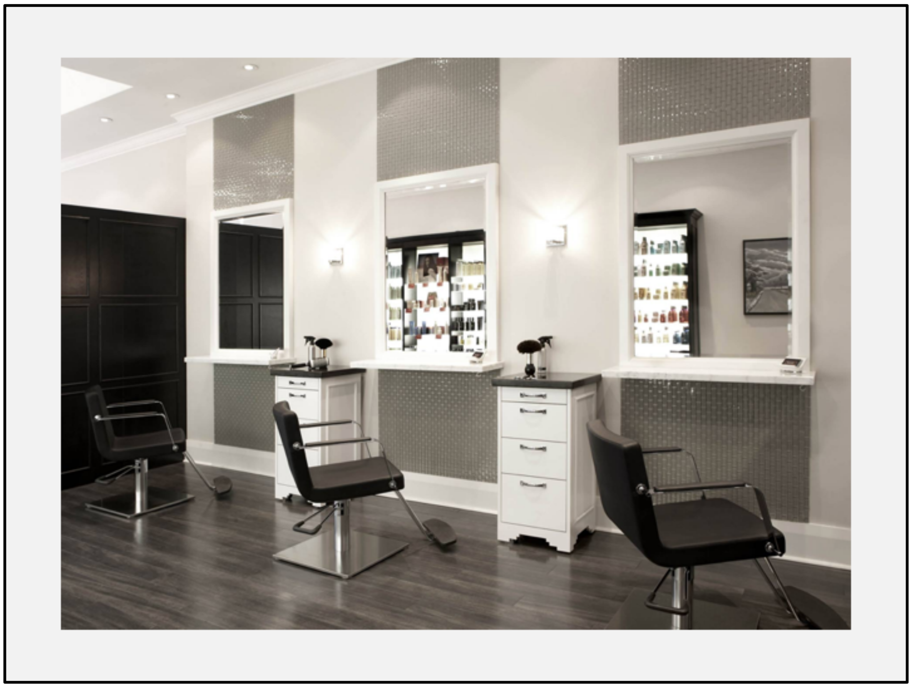
Thus, in attempting to improve service productivity, companies must be mindful of how they create and deliver customer value. They should be careful not to take *service* out of the service. In fact, a company may purposely lower service productivity in order to improve service quality, in turn allowing it to maintain higher prices and profit margins.


HOTEL
F1
28€




سيدات
Women


Tavares



BRANDING


SABOR ORIGINAL
Coca-Cola

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

What is a Brand?????

http://www.youtube.com/watch?v=k5016fh7TgQ

http://www.youtube.com/watch?v=JKIAOZZritk

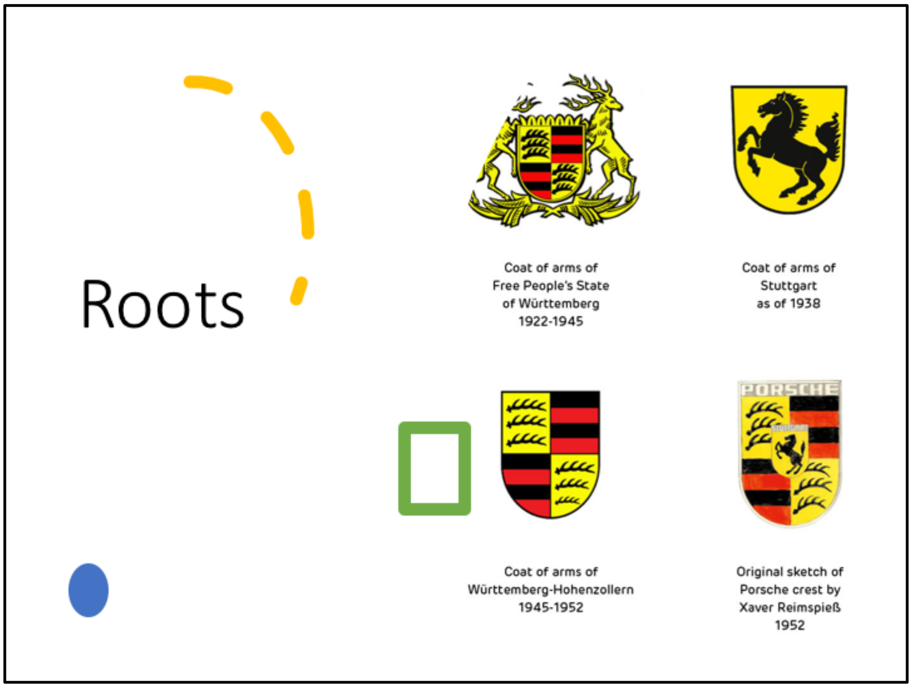
Note to Instructor
Discussion Questions
What brands do you tend to purchase consistently? Why?
This discussion should lead to the consumer benefits of brands including quality and consistency. It is interesting to now ask students what the benefits might be for the seller of having a strong brand. This will include segmentation, positioning, and the ability to communicate product features

Consumers view a brand as an important part of a product, and branding can add value to a consumer's purchase. Customers attach meanings to brands and develop brand relationships. As a result, brands have meaning well beyond a product's physical attributes.
Branding has become so strong that today hardly anything goes unbranded. Salt is packaged in branded containers, common nuts and bolts are packaged with a distributor's label, and automobile parts—spark plugs, tires, filters—bear brand names that differ from those of the automakers. Even fruits, vegetables, dairy products, and poultry are branded—Sunkist oranges, Dole Classic iceberg salads, Horizon Organic milk, Perdue chickens, and Eggland's Best eggs.
Branding helps buyers in many ways. Brand names help consumers identify products that might benefit them. Brands also say something about product quality and consistency—buyers who always buy the same brand know that they will get the same features, benefits, and quality each time they buy. Branding also gives the seller several advantages. The seller's brand name and trademark provide legal protection for unique product features that otherwise might be copied by competitors. Branding helps the seller to segment markets.


OUCH!
Cattle Branding
OUCH!
Experts say that branding is not actually painful to the cow. Most of the noises you hear the cow make is from fear of being caught and tied, not from being branded!


WEI TONG WINE
HARRISON
Vineyards
Picasso

The most recognized symbols in the world


Roots
Coat of arms of
Free People's State
of Württemberg
1922-1945
Coat of arms of
Stuttgart
as of 1938
Coat of arms of
Württemberg-Hohenzollern
1945-1952
PORSCHE
Original sketch of
Porsche crest by
Xaver Reimspieß
1952

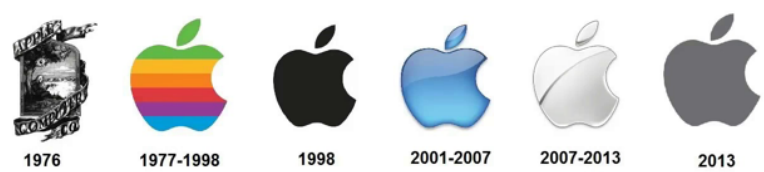

MASERATI
MASERATI
MASERATI
old
new

- It wasn't until 1926 that the Maseratis started building their own cars, and with the debut of the Tipo 26 model, the company needed an official logo. Brother Mario, who had not wanted to join the automotive industry, lent his artistic talents to create the perfect emblem for the brand.
- His inspiration was the trident held by Neptune (known in Greek mythology as Poseidon) in the Fontana de Nettuno statue in Bologna's Piazza Maggiore. This city served as the hometown of the Maserati family and location of the company's first plant before headquarters were moved to Modena.
- The image–what it calls the "saetta" logo–represents Neptune's command over the seven seas and Maserati's command over the space between them. The red trident encircled by a white oval was designed to compete with the sophisticated appearance of other Italian brand labels.


SPARTAN
GOLF CLUB
KÖLNER ZOO
TOBLERONE
FedEx
amazon.com


TOBLERONE ORIGINATED FROM
BERNE, SWITZERLAND.
THE TOWN IS ALSO KNOWN AS
THE CITY OF BEARS.
BLERONE
FedEx
amazon.com

Apple logo history

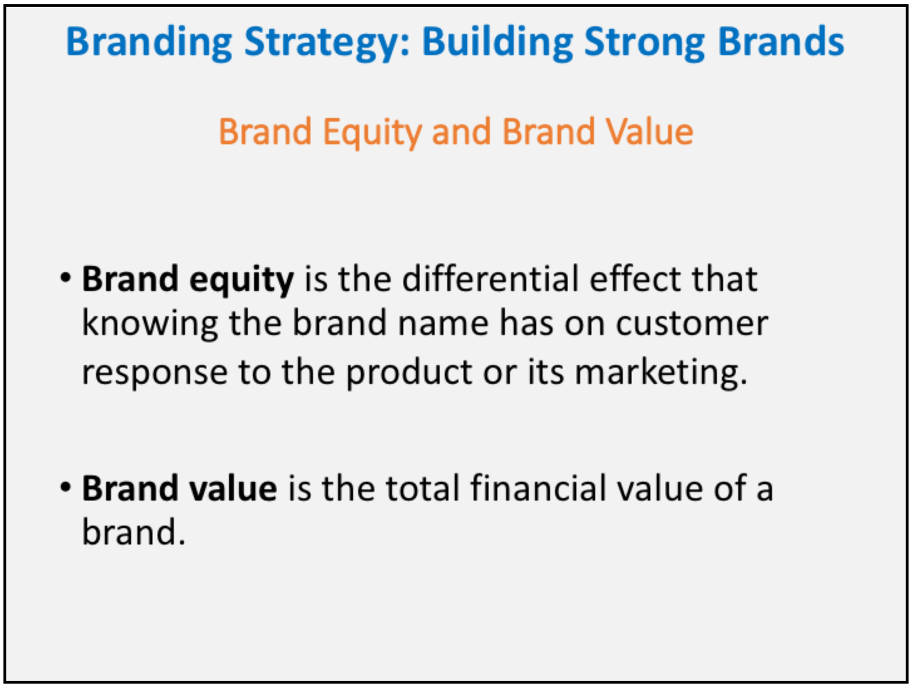



APPLE
COMPUTER
CO.
NEWTON - - - "A MIND FOREVER
VOYAGING THROUGH
STRANGE
SEAS OF THOUGHT - - - ALONE."

#stayhome

Martin Kleppmann
@martinkl

In 1665, the University of Cambridge temporarily closed due to the bubonic plague. Isaac Newton had to work from home, and he used this time to develop calculus and the theory of gravity.



Brands are more than just names and symbols. They are a key element in the company's relationships with consumers. Brands represent consumers' perceptions and feelings about a product and its performance—everything that the product or the service *means* to consumers.

A powerful brand has high *brand equity*. It's a measure of the brand's ability to capture consumer preference and loyalty. A brand has positive brand equity when consumers react more favorably to it than to generic or unbranded products.

Ad agency Young & Rubicam's BrandAsset Valuator measures brand strength along four consumer perception dimensions: *differentiation, relevance*, *knowledge*, and *esteem*. Brands with strong brand equity rate high on all four dimensions.

Positive brand equity derives from consumer feelings about and connections with a brand. Strong brands are built around an ideal of improving consumers' lives in some relevant way.

A brand with high brand equity is a very valuable asset. *Brand valuation* is the process of estimating the total financial value of a brand. Measuring such value is difficult. However, according to one estimate, the brand value of Apple is a whopping $185 billion, with Google at $113.6 billion, IBM at $112.5 billion, McDonald's at $90 billion, Microsoft at $70 billion, and Coca-Cola at $78.4 billion

High brand equity provides a company with many competitive advantages:

- high level of consumer brand awareness and loyalty
- more leverage in bargaining with resellers
- easier launch of line and brand extensions
- defense against fierce price competition

A powerful brand forms the basis for building strong and profitable customer relationships. The fundamental asset underlying brand equity is *customer equity*—the value of customer relationships that the brand creates. Companies need to think of themselves not as portfolios of brands but as portfolios of customers.

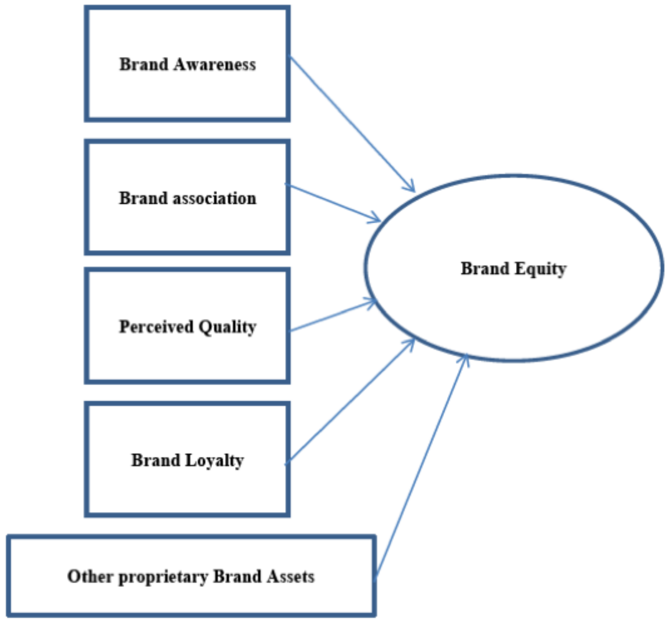
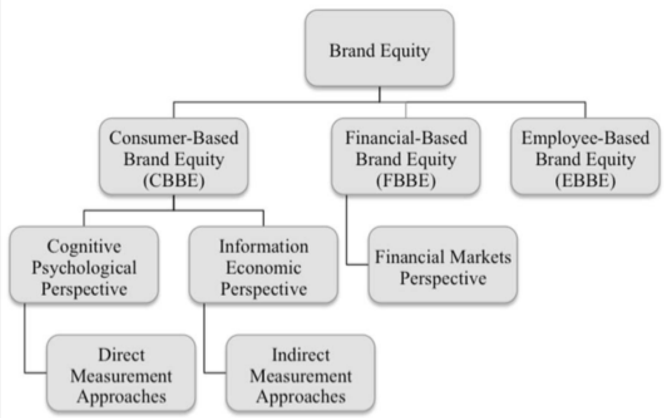
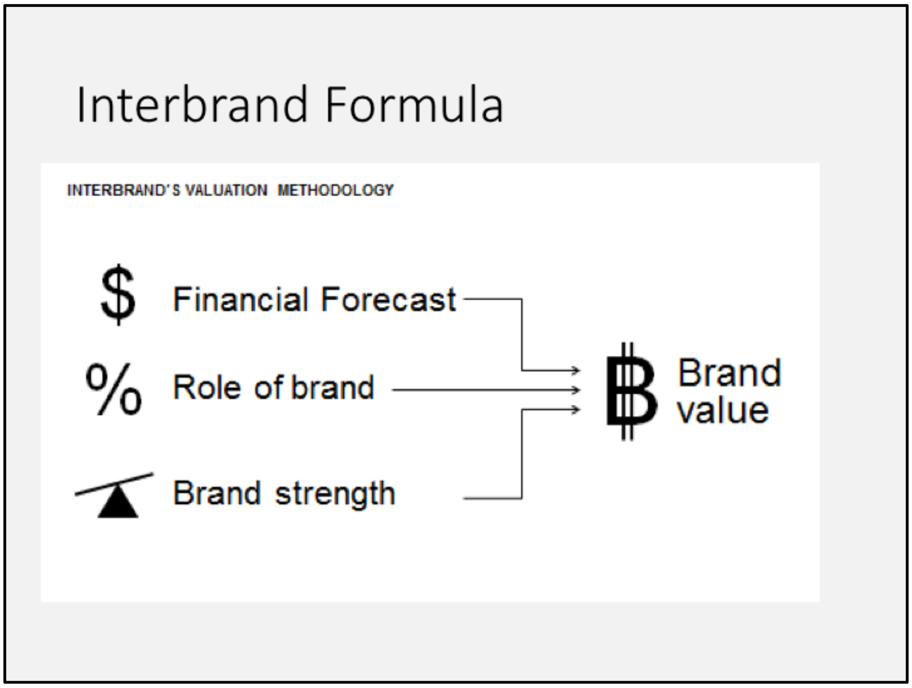


Figure 1: Aaker's Dimensions of Brand Equity.
Source: Aaker [8].

Brand Equity Diagram



Source: Baalbaki (2012)



Financial Analysis
This measures the overall financial return to an organization's investors, or its economic profit. Economic profit is the after-tax operating profit of the brand, minus a charge for the capital used to generate the brand's revenue and margins.

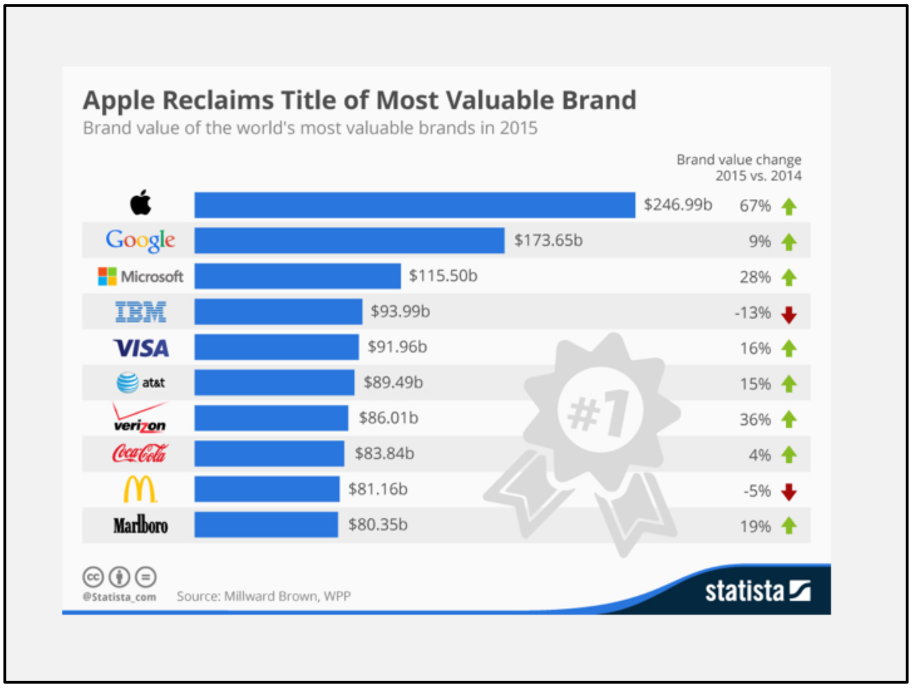
Role of Brand
This measures the portion of the purchase decision attributable to the brand as opposed to other factors (for example, purchase drivers such as price, convenience, or product features). The Role of Brand Index (RBI) quantifies this as a percentage. RBI determinations for Best Global Brands derive, depending on the brand, from one of three methods: commissioned market research, benchmarking against Role of Brand scores from client projects with brands in the same industry, or expert panel assessment.

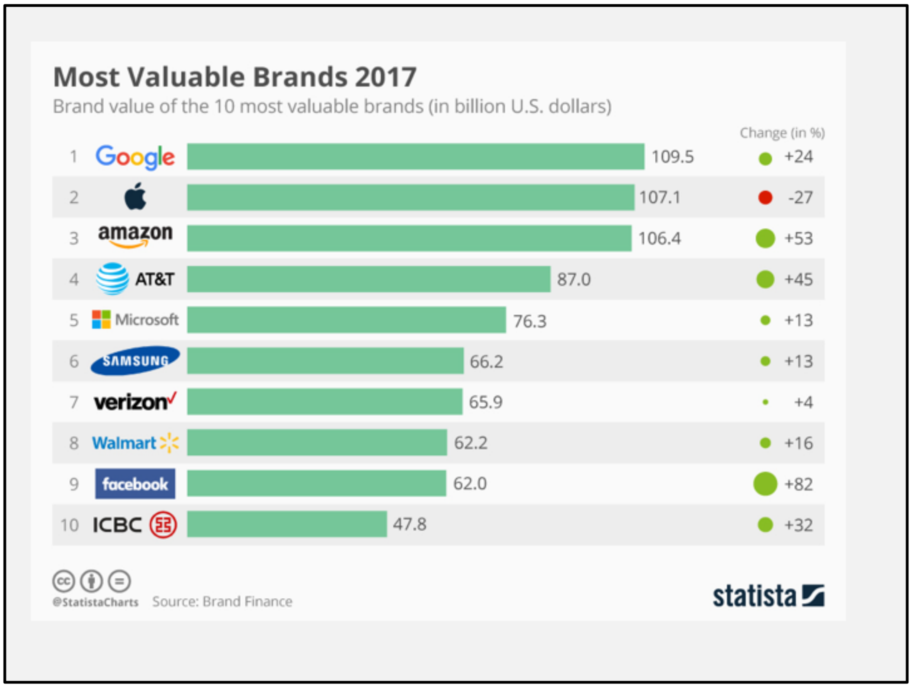
Brand Strength
Brand Strength measures the ability of the brand to create loyalty and, therefore, sustainable demand and profit into the future. Brand Strength analysis is based on an evaluation across 10 factors that Interbrand believes constitute a strong brand. Performance in these areas is judged relative to other brands in the industry and

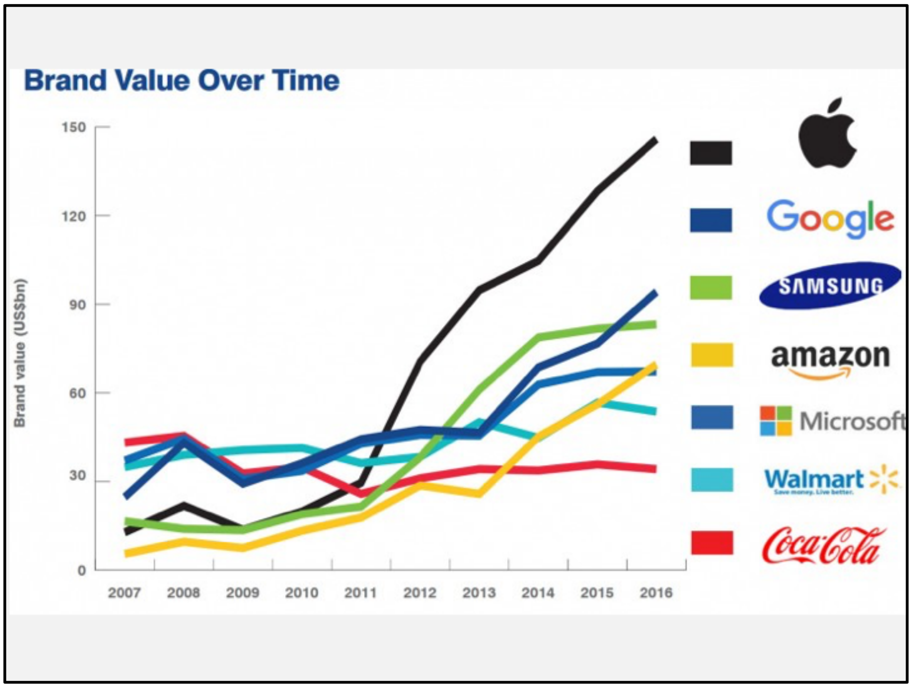
relative to other world-class brands. The Brand Strength analysis delivers an insightful snapshot of t
weaknesses of the brand and is used to generate a road map of activities to grow the brand's stren
future.

Data Sources

Robust brand valuation requires a holistic assessment that incorporates a wide range of informatio
extensive desk research and expert panel assessment, the following data feeds are incorporated in
models:
Financial data: Refinitiv (formerly Thomson Reuters), company annual reports, investor presentatio
reports Refinitiv (formerly Thomson Reuters' Financial
and Risk Business), company annual reports, investor presentations and analyst reports.
Consumer goods data: GlobalData (brand volumes and values)
Text Analytics and Social Listening: Infegy


Apple Reclaims Title of Most Valuable Brand
Brand value of the world's most valuable brands in 2015
Brand value change 2015 vs. 2014
$246.99b 67%
Google $173.65b 9%
Microsoft $115.50b 28%
IBM $93.99b -13%
VISA $91.96b 16%
at&t $89.49b 15%
verizon $86.01b 36%
Coca-Cola $83.84b 4%
$81.16b -5%
Marlboro $80.35b 19%
#1
@Statista_com
Source: Millward Brown, WPP
statista


Most Valuable Brands 2017
Brand value of the 10 most valuable brands (in billion U.S. dollars)
Change (in %)
1 Google 109.5 +24
2 107.1 -27
3 amazon 106.4 +53
4 AT&T 87.0 +45
5 Microsoft 76.3 +13
6 SAMSUNG 66.2 +13
7 verizon 65.9 +4
8 Walmart 62.2 +16
9 facebook 62.0 +82
10 ICBC 47.8 +32
@StatistaCharts Source: Brand Finance
statista



Brand Value Over Time
Brand value (US$bn)
150
120
90
60
30
0
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
Google
SAMSUNG
amazon
Microsoft
Walmart
Save money. Live better.
Coca-Cola


Brand Finance®
Global 500
THE WORLD'S MOST VALUABLE BRANDS 2020
amazon 1 1 $220,791m +17.5%
ICBC 6 8 $80,791m +1.2%
Google 2 3 $159,722m +11.9%
7 7 $79,804m -4.1%
3 2 $140,524m -8.5%
Walmart 8 11 $77,520m +14.2%
4 4 $117,072m -2.1%
中国平安 PING AN 9 14 $69,041m +19.8%
SAMSUNG 5 5 $94,494m +3.5%
HUAWEI 10 12 $65,084m +4.5%
Source: Brand Finance Global 500 2020
#BFGlobal500
brandirectory.com/global
Banco Industrial e Comercial da China
Ping An Insurance


MOST VALUABLE BRANDS IN THE WORLD BY COUNTRY
Canada
$17.4B
Royal Bank of Canada
United States
$188B
amazon
Mexico
$9B
PEMEX
Columbia
$3.9B
ecoPETROL
falabella.
Chile
$5.4B
Itaú
Brazil
$6.8B
Yacimientos Petrolíferos Fiscales
YPF
Argentina
$1.5B
Ireland
$2.9B
equinor
Norway
$9.2B
IKEA
Sweden
$21.5B
Finland
$9.8B
NOKIA
Russia
$12.3B
SBERBANK
Denmark
$6.8B
LEGO
EY
United Kingdom
$23.2B
Netherlands
$42.3B
KBC
Belgium
$4.5B
Germany
$60.3B
Mercedes-Benz
Austria
$8.7B
Red Bull
France
$25.1B
TOTAL
Luxembourg
$4.3B
ZARA
Spain
$18.4B
Nestlé
Switzerland
$19.6B
Energias de Portugal
edp
Portugal
$2.8B
eni
Italy
$10.7B
TURKISH AIRLINES
Turkey
$1.7B
teva
Israel
$9.2B
QNB
Qatar
$5B
Saudi Arabia
$7B
STC
ADNOC
U.A.E.
$8.9B
China
$79.8B
中国工商银行
South Korea
$91.2B
SAMSUNG
TOYOTA
Japan
$52.3B
India
$19.5B
TATA
Taiwan
$1.6B
Thailand
$5.8B
Malaysia
$11.5B
Singapore
$9B
DBS
South Africa
$3.4B
MTN
Indonesia
$4.6B
Australia
$10.6B
Index:
More than $100 billion
$50 billion to $100 billion
$10 billion to $50 billion
Less than $10 billion
SPENDMENOT
Sources:
brandirectory.com
www.interbrand.com
www.jewishvirtuallibrary.org
www.mynewsdesk.com
www.statista.com

Branding poses challenging decisions to the marketer. Figure 8.5 shows that the major brand strategy decisions involve *brand positioning*, *brand name selection*, *brand sponsorship*, and *brand development*.

Marketers need to position their brands clearly in target customers' minds. They can position brands at any of three levels.

At the lowest level, they can position the brand on *product attributes*. For example, P&G's Pampers' early marketing focused on attributes such as fluid absorption, fit, and disposability. Attributes are the least desirable level for brand positioning because competitors can easily copy attributes. Customers are not interested in what the attributes are—they are interested in what the attributes will do for them.

A brand can be better positioned by associating its name with a desirable *benefit*. Thus, Pampers can go beyond technical product attributes and talk about the resulting containment and skin-health benefits from dryness.

The strongest brands are positioned on strong *beliefs and values,* engaging customers on a deep, emotional level. For example ,Pampers is positioned as a "love, sleep, and play brand where we grow together" that's concerned about happy babies, parent-child relationships, and total baby care.

Successful brands engage customers on a deep, emotional level. Brands ranging from Apple, Google, Disney, and Coca-Cola to Google and Pinterest have achieved this status with many of their customers. Customers don't just like these brands, they have strong emotional connections with them and love them unconditionally.

When positioning a brand, the marketer should establish a mission for the brand and a vision of what the brand must be and do. A brand is the company's promise to deliver a specific set of features, benefits, services, and experiences consistently to buyers. The brand promise must be simple and honest

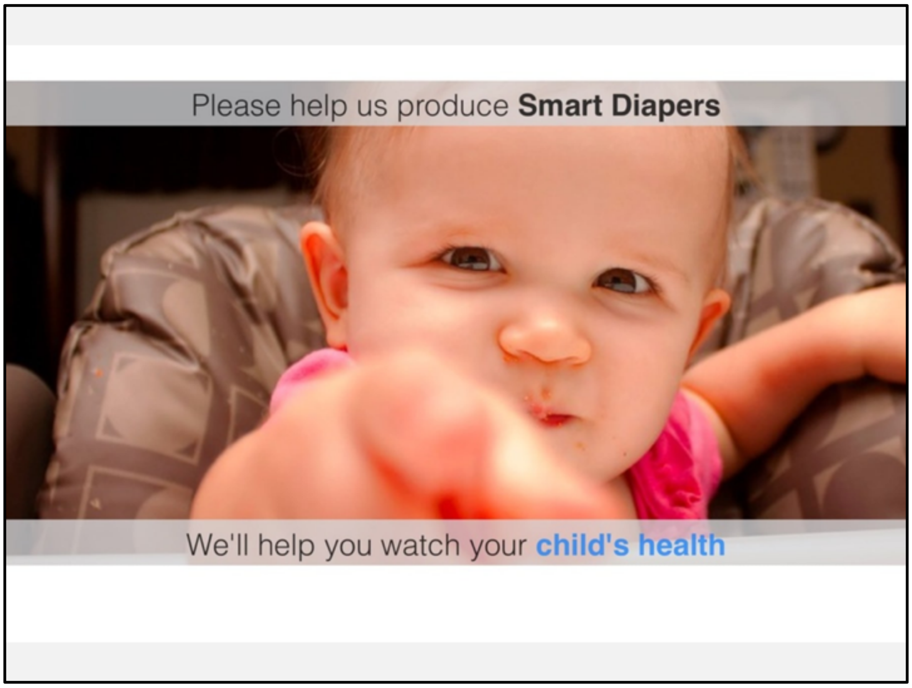

Pampers
recém-nascido
confort sec
seco e confiável
canais de
ar
RN+
Até/Hasta
6 kg
36

Attributes

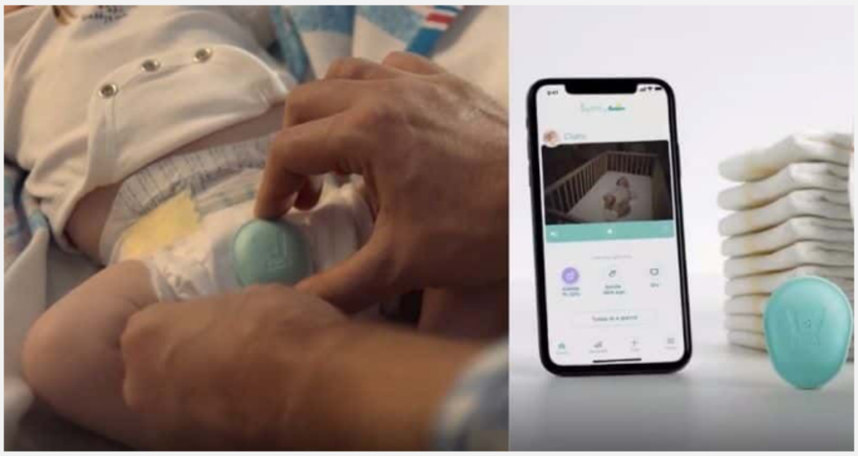

love at
first touch
Pampers
swaddlers
#1 Choice
of Hospitals*
Wrap your baby in the most trusted comfort and
protection of **Pampers Swaddlers,** the only diaper
trusted to be the **#1 Choice of Hospitals.***
*Based on sales of the newborn hospital diaper
Pampers
lovesleep&play

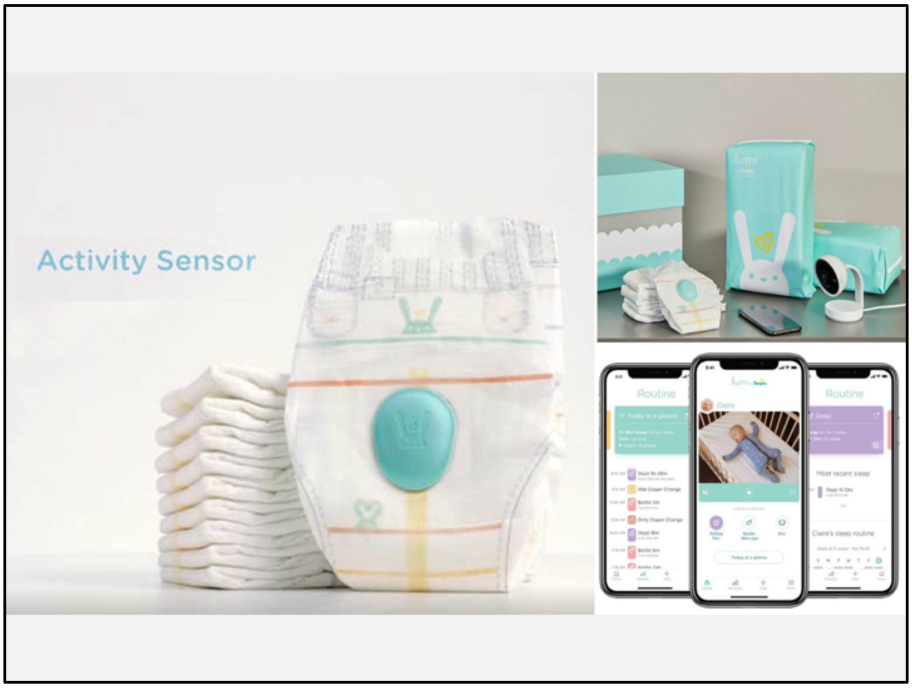
Benefits


A mother. A friend.
A woman!
Happy Women's Day
Pampers

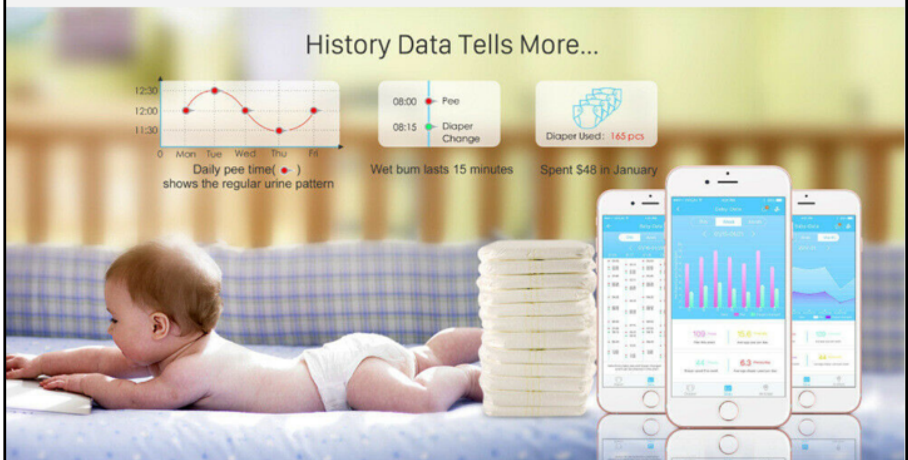

Please help us produce **Smart Diapers**
We'll help you watch your child's health

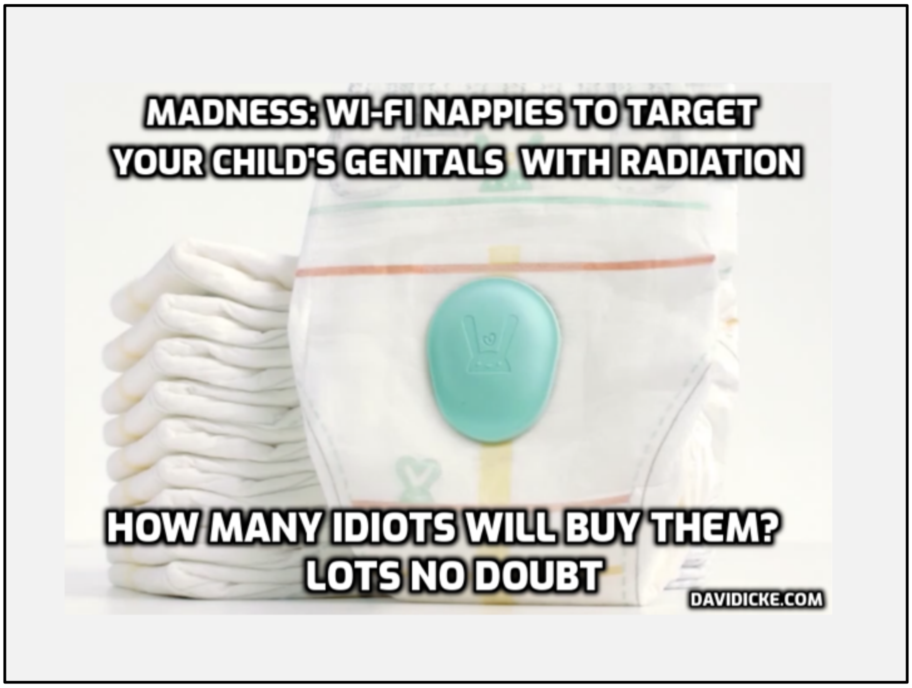
Pampers Just Launched A 'Smart Diaper' That Alerts You When Your Baby Needs A Change




Activity Sensor
Routine
Routine


Pee Warning & Diaper Full Reminder
Humidity 3
Humidity 2
Humidity 1
Warning 3
Warning 2
Warning 1
0
1st pee
2nd pee
3rd pee
Keep tracking the humidity level of the diaper,catch every urine event for you.
65%
Diaper Usage
0%
100%
Usage Warning Level 75%
More absorbent diaper holds more water. Higher usage warning level may help to save your diapers.
I have peed
1


History Data Tells More...
12:30
12:00
11:30
0
Mon
Tue
Wed
Thu
Fri
Daily pee time( )
shows the regular urine pattern
08:00
Pee
08:15
Diaper
Change
Wet bum lasts 15 minutes
Diaper Used: 165 pcs
Spent $48 in January


MADNESS: WI-FI NAPPIES TO TARGET
YOUR CHILD'S GENITALS WITH RADIATION
HOW MANY IDIOTS WILL BUY THEM?
LOTS NO DOUBT
DAVIDICKE.COM

Branding Strategy: Building Strong Brands

Building Strong Brands

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

Desirable qualities for a brand name include the following.

(1) It should suggest something about the product’s benefits and qualities: Beautyrest, Lean Cuisine, Snapchat, Pinterest.

(2) It should be easy to pronounce, recognize, and remember: iPad, Tide, Jelly Belly, Twitter, JetBlue.

(3) The brand name should be distinctive: Panera, Swiffer, Zappos, Nest.

(4) It should be extendable—Amazon.com began as an online bookseller but chose a name that would allow expansion into other categories.

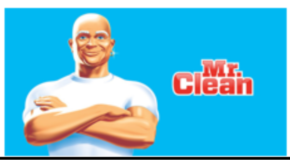
(5) The name should translate easily into foreign languages. Before changing its name to Exxon, Standard Oil of New Jersey rejected the name Enco, which it learned meant a stalled engine when pronounced in Japanese.

(6) It should be capable of registration and legal protection. A brand name cannot be registered if it infringes on existing brand names.

The origin of brand names

- Brand names come in many different forms:

- They can be based on **people´s names** (Estée Lauder, HR),
- based on **places** (Santa Fe cologne, British Airways),
- based on **animals**/birds (Mustang, Jaguar),
- product **meaning** (Ocean Spray, Beautyrest mattresses),
- other.



Algida FRIGO GOOD HUMOR TÍO RICO KWALITY WALL'S

STREETS HB OLA GB GLACE LANGNESE


anthony byrne
boring
business systems
FOR THE BREATH OF CONFIDENCE
retar DEX
ORAL RINSE
retar DEX
ORAL RINSE
多功能廁所
ISIS
ISIS
LIBEERT


PILLOW SOFT
100% RECYCLED
ShitBegone
2-Ply x 500 sheets
Golden Gaytime
Ride the
S.L.U.T.
South Lake Union Trolle
FU KING CHINESE RESTAURANT
PLACENTA
PLACENTA
PLACENTA
PLACENTA
I found some good shit today...
Good Shit
Good Shit
Urinal
Hand job Nails & Spa
GRAND OPENING
SHITTO
SHITTO
SHITTO
SHITTO
SHITTO
Soup for Sluts

Branding Strategy: Building Strong Brands

Building Strong Brands

Brand Sponsorship
- Manufacturer’s brand
- Private brand
- Licensed brand
- Co-brand

The popularity of store brands has soared recently. Walmart’s store brands account for a whopping 25 percent of its sales, and its Great Value brand is the nation’s largest single food brand.

A manufacturer has four **brand sponsorship** options. The product may be launched as a national brand or a private brand (also called a store brand or distributor brand). Other alternatives include a licensed brand and co-branding.

National brands (or **manufacturers’ brands**) have long dominated the retail scene. In recent times, however, an increasing number of retailers and wholesalers have created their own **store brands** (or **private brands**). Store brands have been gaining strength for more than two decades, but recent tighter economic times have created a store-brand boom.

For example, Walmart’s private brands—Great Value food products; Sam’s Choice beverages; Equate pharmacy, health, and beauty products; White Cloud toilet tissue and diapers; Simple Elegance laundry products; and Canopy outdoor home products— account for a whopping 20 percent of its sales. Its private-label brands alone generate more sales than all P&G brands combined, and Walmart’s Great Value is the nation’s largest single food brand.

At the other end of the grocery spectrum, upscale Whole Foods Market offers an array of store-brand products. Target and Trader Joe’s are out-innovating many of their national-brand competitors. As a result, consumers are becoming loyal to store brands for reasons besides price. Recent research showed that 80 percent of all shoppers believe store brand quality is equal to or better than that of national brands. In some cases, consumers are even willing to pay more for store brands that have been positioned as gourmet or premium items.

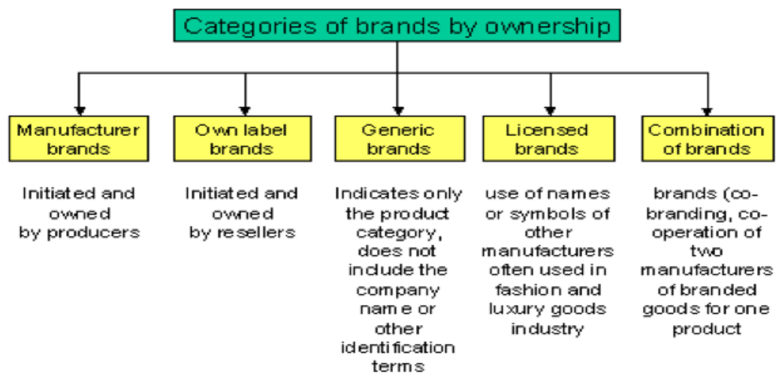
Licensing: Some companies license names or symbols previously created by other manufacturers, names of well-known celebrities, or characters from popular movies and books. For a fee, any of these can provide an instant and proven brand name.

Co-branding occurs when two established brand names of different companies are used on the same product. Co-branding offers many advantages. Because each brand operates in a different category, the combined brands create broader consumer appeal and greater brand equity. Examples include Benjamin Moore and Pottery Barn, Taco Bell and Doritos.

Co-branding can take advantage of the complementary strengths of two brands. It also allows a company to expand its existing brand into a category it might otherwise have difficulty entering alone.

Co-branding has limitations and usually involves complex legal contracts and licenses. Co-branding partners must carefully coordinate their marketing mix, and each partner must trust that the other will take good care of its brand. If something damages the reputation of one brand, it can tarnish the co-brand as well.

Brand Categories



Manufacturer’s brand

Private label

Private label


ALDI
ALDI
GUTBIO
Pure Fruit
Biscotto
MILSANI

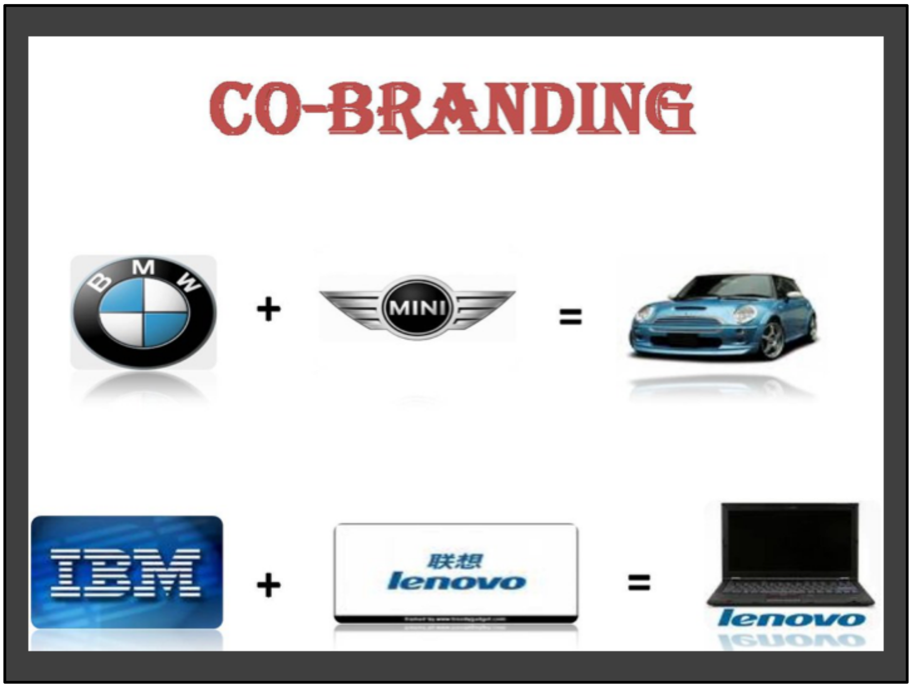
Private labels

Generic

Licensed brand


HOLANDA
¡MUCHOS TROZOS!
OREO
HERSHEY'S
KISSES
Chips Ahoy!

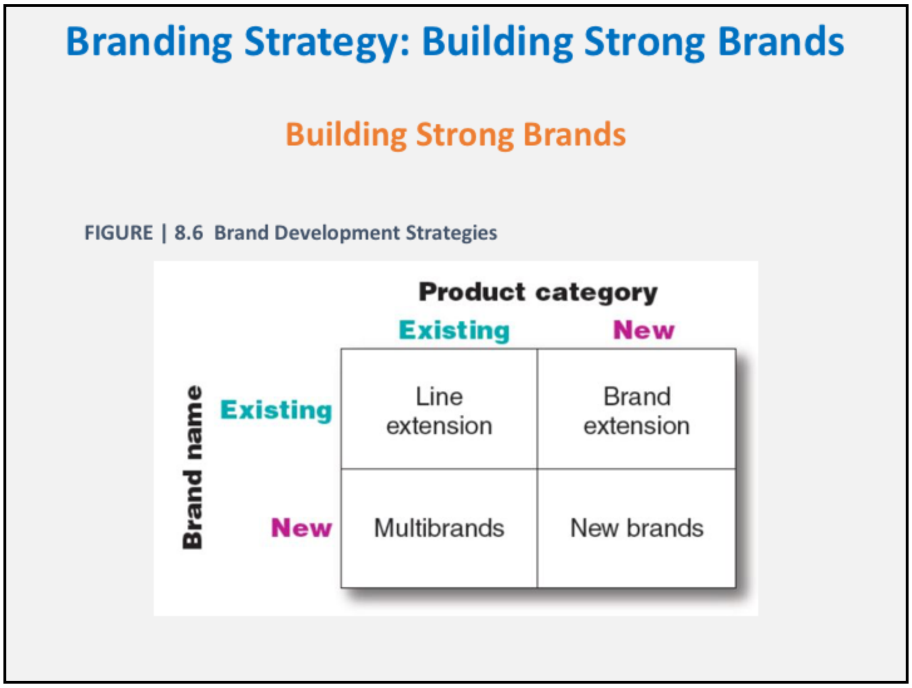
Co-branding


CO-BRANDING
BMW
+
MINI
=
IBM
+
联想
lenovo
=
lenovo

Co-branding


Coca-Cola
taste of
PEPSI


We wish you a scary Halloween!
Coca-Cola
pepsi
Everybody wants to be a hero!
Coca-Cola
ORIGINAL AD
COKE'S RESPONSE



A company has four choices when it comes to **brand development** (see Figure 8.6). It can introduce *line extensions*, *brand extensions*, *multibrands*, or *new brands*.

Line extensions occur when a company extends existing brand names to new forms, colors, sizes, ingredients, or flavors of an existing product category. For example, over the years, KFC has extended its "finger lickin' good" chicken lineup well beyond original recipe and now offers grilled chicken, boneless fried chicken, chicken tenders, hot wings, and chicken bites. A line extension works best when it takes sales away from competing brands, not when it "cannibalizes" the company's other items.

Brand extension extends a current brand name to new or modified products in a new category. For example, Starbucks has extended its retail coffee shops by adding packaged supermarket coffees, a chain of teahouses (Teavana Fine Teas + Tea Bar), and even a single-serve home coffee, espresso, and latte machine—the Verismo. And P&G has leveraged the strength of its Mr. Clean household cleaner brand to launch several new lines: cleaning pads (Magic Eraser), bathroom cleaning tools (Magic Reach), and home auto cleaning kits (Mr. Clean AutoDry).

Multibrands: Companies often market many different brands in a given product category. For example, in the United States, PepsiCo markets at least eight brands of soft drinks (Pe Mountain Dew, Manzanita Sol, Mirinda, IZZE, Tropicana Twister, and Mug root beer), three brands drinks (Gatorade, AMP Energy, and Starbucks Refreshers), four brands of bottled teas and coffees (and Tazo), three brands of bottled waters (Aquafina, H2OH!, and SoBe), and nine brands of fruit dri IZZE, Lipton, Looza, Ocean Spray, and others). Each brand includes a long list of sub-brands.

New brands: A company might believe that the power of its existing brand name is waning, so a ne needed. Or it may create a new brand name when it enters a new product category for which none names are appropriate. For example, Toyota created the separate Lexus brand aimed at luxury car Scion brand, targeted toward Millennial consumers.

As with multibranding, offering too many new brands can result in a company spreading its resourc some industries, such as consumer packaged goods, consumers and retailers have become concern already too many brands, with too few differences between them.

Thus, P&G, PepsiCo, Kraft, and other large consumer-product marketers are now pursuing *megabr* out weaker or slower-growing brands and focusing their marketing dollars on brands that can achie number-two market share positions with good growth prospects in their categories.

Brand Development

A company has four choices when it comes to developing brands (see Figure 8.6). It can introduce *line extensions*, *brand extensions*, *multibrands*, or *new brands*.

Line Extensions. Line extensions occur when a company extends existing brand names to new forms, colors, sizes, ingredients, or flavors of an existing product category. Thus, the Cheerios line of cereals includes Honey Nut, Frosted, Yogurt Burst, MultiGrain, Banana Nut, and several other variations.

A company might introduce line extensions as a low-cost, low-risk way to introduce new products. Or it might want to meet consumer desires for variety, use excess capacity, or simply command more shelf space from resellers. However, line extensions involve some risks. An overextended brand name might cause consumer confusion or lose some of its specific meaning. For example, the original Doritos Tortilla Chips have morphed into a U.S. roster of 22 different types of flavors and chips, plus dozens more in foreign markets. Flavors include everything from Nacho Cheese and Pizza Supreme to Blazin' Buffalo & Ranch, Fiery Fusion, and Salsa Verde. Or how about duck-flavored Gold Peking Duck Chips or wasabi-flavored Mr. Dragon's Fire Chips (Japan). Although the line seems to be doing well with global sales of nearly $5 billion, the original Doritos chips seem like just another flavor. And how much would adding yet another flavor steal from Dorito's own sales versus

competitors? A line extension works best when it takes sales away from competing brands, not wh
company's other items.

Brand Extensions. A **brand extension** extends a current brand name to new or modified products i
example, Kellogg's has extended its Special K cereal brand into a full line of cereals plus lines of cra
and nutrition bars, breakfast shakes, protein waters, and other health and nutrition products. Victo
venerable Swiss Army brand from multitool knives to products ranging from cutlery and ballpoint p
luggage, and apparel. And P&G has leveraged the strength of its Mr. Clean household cleaner branc
lines: cleaning pads (Magic Eraser), bathroom cleaning tools (Magic Reach), and home auto cleanir
AutoDry). It even launched Mr. Clean-branded car washes.

<ex08.19>

A brand extension gives a new product instant recognition and faster acceptance. It also saves the
usually required to build a new brand name. At the same time, a brand extension strategy involves
extension may confuse the image of the main brand. Brand extensions such as Cheetos lip balm, H
Savers gum met early deaths. And if a brand extension fails, it may harm consumer attitudes towar
carrying the same brand name. Furthermore, a brand name may not be appropriate to a particular
is well made and satisfying—would you consider flying on Hooters Air or wearing an Evian water-fil
failed). Thus, before transferring a brand name to a new product, marketers must research how we
brand's associations.

Multibrands. Companies often market many different brands in a given product category. For exam
States, PepsiCo markets at least five brands of soft drinks (Pepsi, Sierra Mist, Slice, Mountain Dew, a
four brands of sports and energy drinks (Gatorade, No Fear, Propel, and AMP Energy), five brands o
coffees (Lipton, SoBe, Seattle's Best, Starbucks, and Tazo), two brands of bottled waters (Aquafina a
brands of fruit drinks (Tropicana and Ocean Spray). Each brand includes a long list of subbrands. Fo
of SoBe Teas & Elixers, SoBe Lifewater, SoBe Lean, and SoBe Lifewater with Purevia. Aquafina incluc
Aquafina Flavorsplash, and Aquafina Sparkling.

Multibranding offers a way to establish different features that appeal to different customer segmer
reseller shelf space, and capture a larger market share. For example, although PepsiCo's many bran
compete with one another on supermarket shelves, the combined brands reap a much greater ove
any single brand ever could. Similarly, by positioning multiple brands in multiple segments, Pepsi's

combine to capture much more market share than any single brand could capture by itself.
A major drawback of multibranding is that each brand might obtain only a small market share, and profitable. The company may end up spreading its resources over many brands instead of building a profitable level. These companies should reduce the number of brands they sell in a given category screening procedures for new brands. This happened to GM, which in recent years has cut numero portfolio, including Saturn, Oldsmobile, Pontiac, Hummer, and Saab.

New Brands. A company might believe that the power of its existing brand name is waning, so a ne needed. Or it may create a new brand name when it enters a new product category for which none names are appropriate. For example, Toyota created the separate Lexus brand aimed at luxury car (Scion brand, targeted toward Millennial consumers.

As with multibranding, offering too many new brands can result in a company spreading its resourc some industries, such as consumer packaged goods, consumers and retailers have become concerr already too many brands, with too few differences between them. Thus, P&G, PepsiCo, Kraft, and c product marketers are now pursuing *megabrand* strategies—weeding out weaker or slower-growir their marketing dollars on brands that can achieve the number-one or number-two market share p growth prospects in their categories.

Sagres?

Portuguese
Products &
Brands

LEMON JELLY
Quality Product

FLY
LONDON

Portuguese
Products &
Brands

NOBRAND®

THERE'S NO BRAND LIKE NOBRAND®

Portuguese Products & Brands

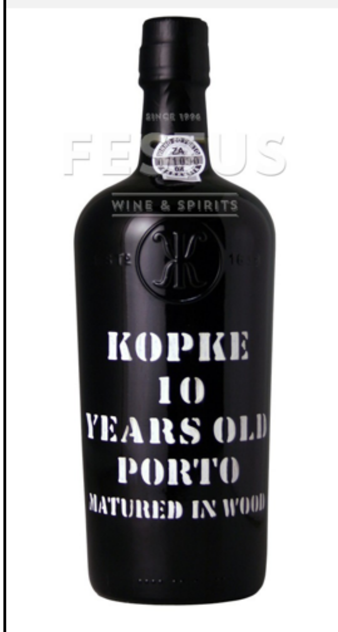
VISTA ALEGRE
1824

18 VA 24
VISTA ALEGRE
Atlantis
PORTUGAL


VISTA ALEGRE
1824

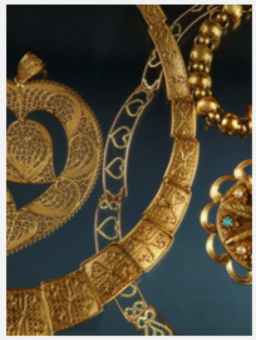
Portuguese
Products & Brands

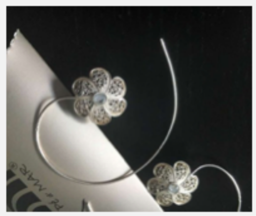
Portuguese Products & Brands



Portuguese Products & Brands

Portuguese
Products & Brands



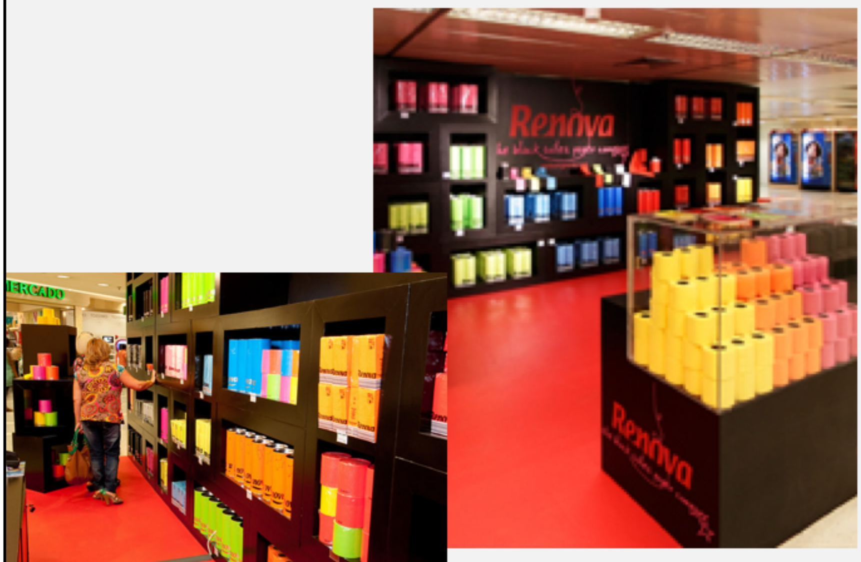



NÃO SOFRA
MAIS
ONDE CHEGAM
OS REBUÇADOS
PEITORAIS DO
Dr. Bayard


ONDE CHEGAM
Dr. Bayard
A TOSSE

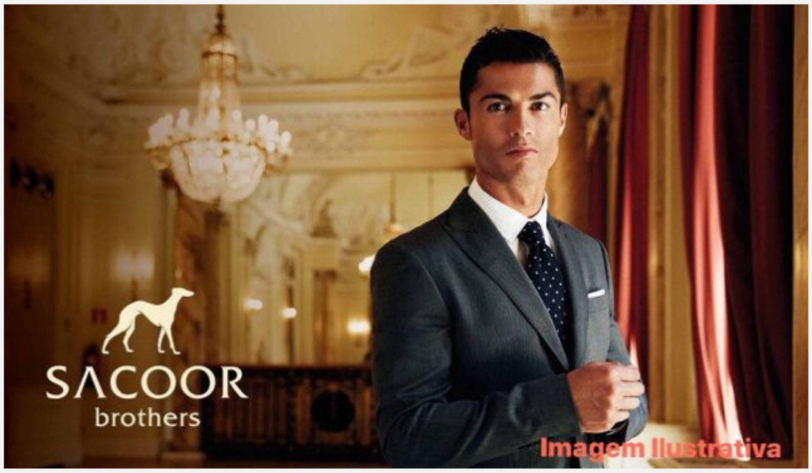

Renova
the black toilet paper company
I
SEXY PAPER

Portuguese
Products &
Brands


Renova
Renova

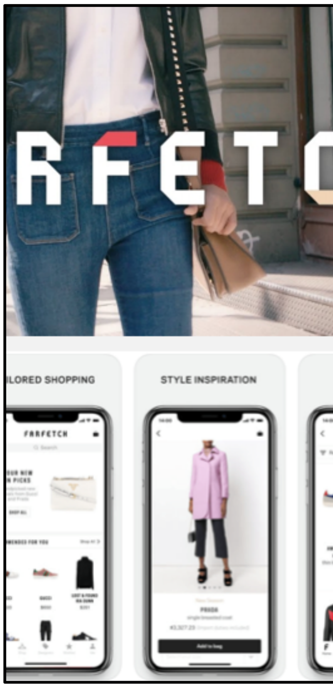
SACOOR
brothers

PORTUGUESE
PRODUCTS & BRANDS


SACOOR
brothers
Imagem Ilustrativa

Portuguese
Products & Brands

CR7
CRISTIANO RONALDO



Portuguese Products & Brands

- **Farfetch** is an online luxury fashion retail platform that sells products from over 700 boutiques and brands from around the world.
- It was founded in 2007 by José Neves, a Portuguese entrepreneur who has been involved in the world of fashion start-ups since the 1990s, when he launched the shoe design business SWEAR.
- Initially, the business secured $4.5 million in growth equity from Advance Venture Partners in July 2010 to help it expand into Brazilian, North American and European markets. In March 2015, Farfetch gained a further US$86 million…


edp
NOS
Portuguese Services
stands for
Take Another Plane
ABBREVIATIONS