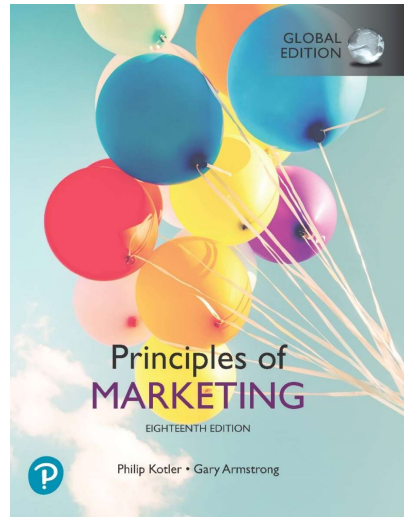


Principles of Marketing

Eighteenth Edition, Global Edition



 Pearson

Chapter 8

Products, Services, and Brands:
Building Customer Value

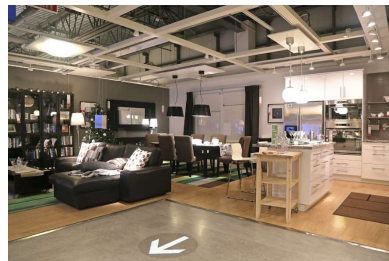
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1

IKEA: Building a Cult Brand

- IKEA'S success comes from a deep understanding that it's selling much more than just home furnishing at low prices—it offers customers a lifestyle both affordable and comprehensive.

IKEA stores are designed for the customer to experience the whole store and be drawn by a wide variety of items along the way.



Chih-Chung Johnny Chang/Alamy Stock Photo

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2

Learning Objectives

- 8.1 Define *product* and describe the major classifications of products and services.
- 8.2 Describe the decisions companies make regarding their individual products and services, product lines, and product mixes.
- 8.3 Identify the four characteristics that affect the marketing of services and the additional marketing considerations that services require.
- 8.4 Discuss branding strategy—the decisions companies make in building and managing their brands.

Learning Objective 1

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

What is a Product? (1 of 17)

Product is anything that can be offered in a market for attention, acquisition, use, or consumption that might satisfy a need or want.

Services are a form of product that consists of activities, benefits, or satisfactions and that is essentially intangible and does not result in the ownership of anything.

5

What is a Product? (2 of 17)

Products, Services, and Experiences

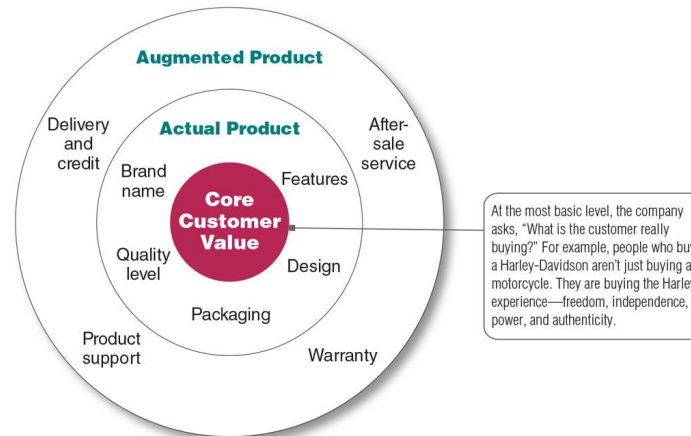
Products and **services** are becoming more commoditized.

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

6

What is a Product? (3 of 17)

Figure 8.1 Three Levels of Product



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What is a Product? (4 of 17)

Products, Services, and Experiences

Creating customer experiences: Your local Buffalo Wild Wings restaurant doesn't just serve up wings and beer; it gives customers the ultimate "Wings. Beer. Sports." fan experience.



Buffalo Wild Wings, Inc.



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8

What is a Product? (5 of 17)

Product and Service Classifications

- Consumer products
- Industrial products

9

What is a Product? (6 of 17)

Table 8.1 Marketing Considerations for Consumer Products

Type of Consumer Product

Marketing Considerations	Convenience	Shopping	Specialty	Unsought
Customer buying behavior	Frequent purchase; little planning, little comparison or shopping effort; low customer involvement	Less frequent purchase; much planning and shopping effort; comparison of brands on price, quality, and style	Strong brand preference and loyalty; special purchase effort; little comparison of brands; low price sensitivity	Little product awareness or knowledge (or, if aware, little or even negative interest)
Price	Low price	Higher price	Highest price	Varies
Distribution	Widespread distribution; convenient locations	Selective distribution in fewer outlets	Exclusive distribution in only one or a few outlets per market area	Varies
Promotion	Mass promotion by the producer	Advertising and personal selling by both the producer and resellers	More carefully targeted promotion by both the producer and resellers	Aggressive advertising and personal selling by the producer and resellers
Examples	Toothpaste, magazines, and laundry detergent	Major appliances, televisions, furniture, and clothing	Luxury goods, such as Rolex watches or fine crystal	Life insurance and Red Cross blood donations

10

What is a Product? (7 of 17)

Product and Service Classifications

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

- Convenience products
- Shopping products
- Specialty products
- Unsought products



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What is a Product? (8 of 17)

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



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What is a Product? (9 of 17)

Product and Service Classifications

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

- Furniture
- Cars
- Appliances

What is a Product? (10 of 17)

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? (11 of 17)

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



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What is a Product? (12 of 17)

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



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What is a Product? (13 of 17)

Product and Service Classifications

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

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

Supplies and services include operating supplies, repair and maintenance items, and business services.

What is a Product? (14 of 17)

Product and Service Classifications

Organizations, Persons, Places, and Ideas

- Organization marketing
- Person marketing
- Place marketing
- Social marketing

What is a Product? (15 of 17)

Product and Service Decisions

Organization marketing consists of activities undertaken to create, maintain, or change the attitudes and behaviors of target consumers toward an organization.

What is a Product? (16 of 17)

Product and Service Classifications

Person marketing consists of activities undertaken to create, maintain, or change the attitudes or behavior of target consumers toward particular people.

What is a Product? (17 of 17)

Product and Service Classifications

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

Social marketing uses commercial marketing concepts to influence individuals' behavior to improve their well-being and that of society.



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Learning Objective 2

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



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Product and Service Decisions (1 of 11)

Figure 8.2 Individual Product Decisions



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Product and Service Decisions (2 of 11)

Individual Product and Service Decisions

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

- Quality
- Features
- Style and design

24

Product and Service Decisions (3 of 11)

Individual Product and Service Decisions

Product quality refers to the characteristics of a product or service that bear on its ability to satisfy stated or implied customer needs.

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

Nike collaborated with Arab athletes on the design and style of its first sports hijab.



Independent Photo Agency Srl/Alamy Stock Photo

Product and Service Decisions (4 of 11)

Individual Product and Service Decisions

Product Features

- Competitive tool for differentiating a product from competitors' products
- Assessed based on the value to the customer versus its cost to the company

Product and Service Decisions (5 of 11)

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.



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Product and Service Decisions (6 of 11)

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.

A classic stunt by former bargain footwear retailer Payless dramatically illustrated the power of brands in shaping perceptions. Fashion influencers paid as much as \$645 for "Palessi" shoes that normally sell for less than \$40.



Collective Brands Inc.



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Product and Service Decisions (7 of 11)

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 (8 of 11)

Individual Product and Service Decisions

Product support services augment actual products.

Customer service: From the start, under the Lexus Covenant, Lexus's high-quality support services create an unmatched car ownership experience and some of the world's most satisfied car owners.



Toyota Motor Sales, USA, Inc.



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Product and Service Decisions (9 of 11)

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 (10 of 11)

Product Line Decisions

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

- Line stretching
- Line filling

Product line stretching and filling: Through skillful line stretching and filling, BMW now has brands and lines that successfully appeal to the rich, the super-rich, and the hope-to-be-rich.



dpa picture alliance archive/Alamy Stock Photo



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Product and Service Decisions (11 of 11)

Product Mix Decisions

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

- Width
- Length
- Depth
- Consistency

The product mix: Colgate-Palmolive's nicely consistent product mix contains many brands that constitute the "Colgate World of Care"—products that "every day, people like you trust to care for themselves and the ones they love."



Used with permission of Colgate-Palmolive Company

33

Learning Objective 3

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

34

Services Marketing (1 of 10)

Types of Service Industries

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

35

Services Marketing (2 of 10)

Figure 8.3 Four Service Characteristics



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Services Marketing (3 of 10)

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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37

Services Marketing (4 of 10)

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

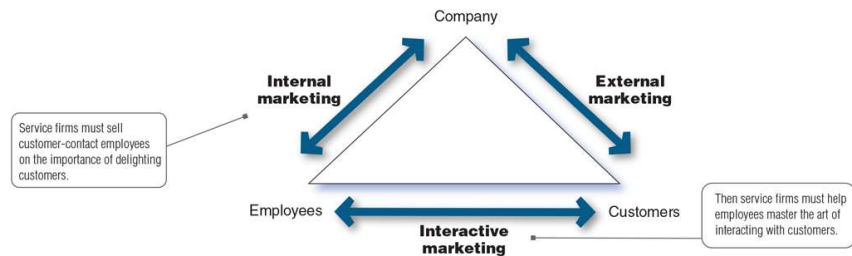


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Services Marketing (5 of 10)

Figure 8.4 Three Types of Services Marketing



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Services Marketing (6 of 10)

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.

40

Services Marketing (7 of 10)

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 (8 of 10)

Marketing Strategies for Service Firms

Managing service differentiation creates a competitive advantage.

- Offer
- Delivery
- Image

Service differentiation: Emirates offers first-class suites in its Boeing 777 airplanes featuring door-to-ceiling sliding doors, closets for hanging clothes, wireless tablets with 2,500 channels, 32-inch TV screens, personal minibars, and “inspiration kits” containing moisturizing pajamas and skin care kits.



Christian Charisius/picture-alliance/dpa/AP Images



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Services Marketing (9 of 10)

Marketing Strategies for Service Firms

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



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Services Marketing (10 of 10)

Marketing Strategies for Service Firms

Managing service productivity refers to the cost side of marketing strategies for service firms.

- Employee hiring and training
- Service quantity and quality



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Learning Objective 4

Discuss branding strategy—the decisions companies make in building and managing their brands.



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Brand Strategy: Building Strong Brands (1 of 6)

Brand Equity and Brand Value

- **Brand equity** is the differential effect that knowing the brand name has on customer response to the product or its marketing.
- **Brand value** is the total financial value of a brand.

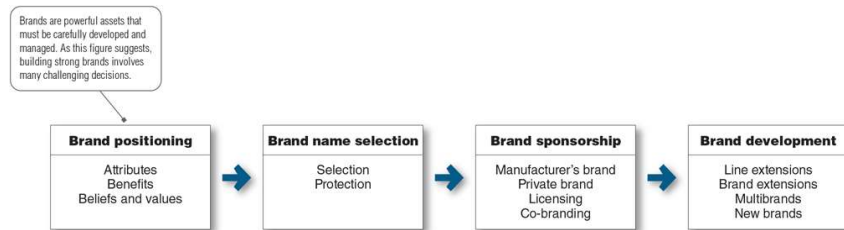


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Brand Strategy: Building Strong Brands (2 of 6)

Figure 8.5 Major Brand Strategy Decisions



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Brand Strategy: Building Strong Brands (3 of 6)

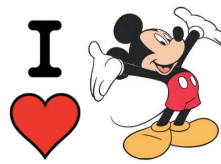
Building Strong Brands

Brand Positioning

Marketers can position brands at any of three levels.

- Attributes
- Benefits
- Beliefs and values

Brand positioning: Brands like Disney form strong emotional connections with customers. Says one Disney World Resort regular: “I have a deep love and bond to all things Disney.”



Art of Drawing/Alamy Stock Photo



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48

Brand Strategy: Building Strong Brands (4 of 6)

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



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Brand Strategy: Building Strong Brands (5 of 6)

Brand Sponsorship

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

Protecting the brand name: This ad asks advertisers and others to always add the registered trademark symbol and the words "Brand Tissue" to the Kleenex name, helping to keep from "erasing our coveted brand name that we've worked so hard for all these years."

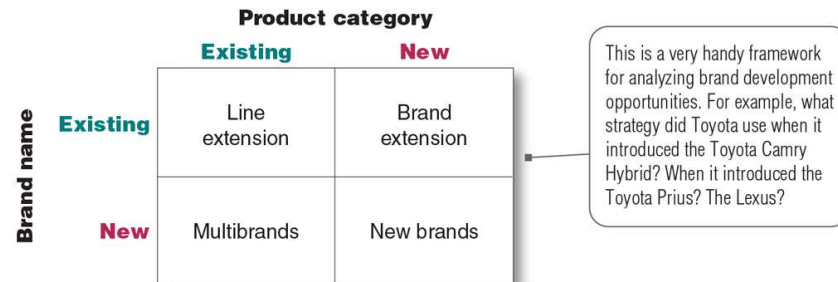


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50

Brand Strategy: Building Strong Brands (6 of 6)

Figure 8.6 Brand Development Strategies



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