

Chapter 8

PRODUCTS, SERVICES, AND BRANDS: BUILDING CUSTOMER VALUE

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TOPICS OF THE LECTURE

- 1. Basic Concept of Product & Service**
 - 2. Classifications of Products and Services**
 - 3. Product and Service Decisions**
 - 4. Branding Strategy**
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Product & Service

What is a product/service?

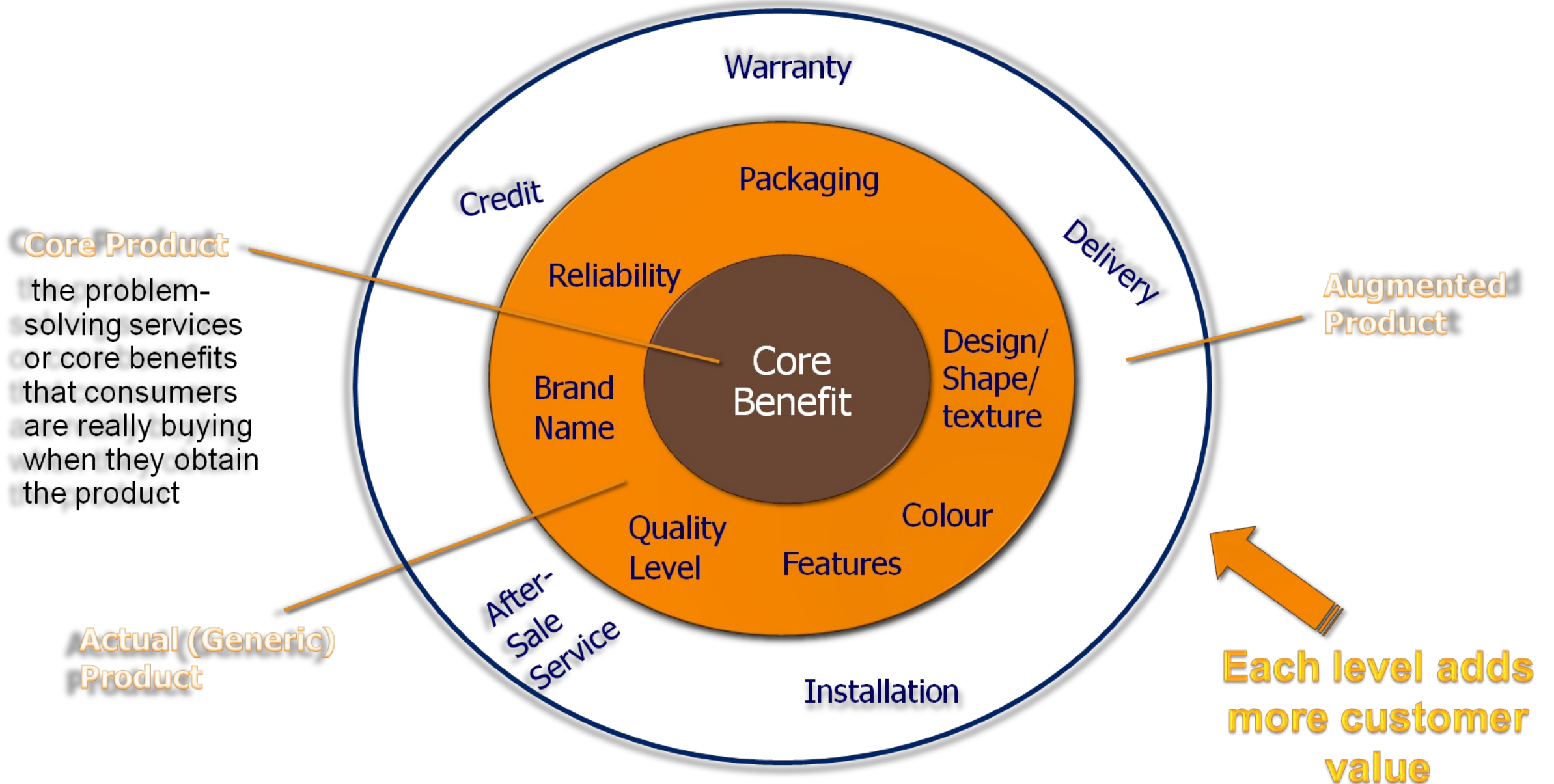
Product

- Anything **tangible** offered to a market that results in its **ownership** that might satisfy a need or want. **Example: T-shirt, Soap, mobile phone, book.**

Service

- Any activity or benefit that one party can offer to another that is essentially **intangible** and does not result in **ownership** of anything. **Example: Banking, hotel, airline, repair services.**

Levels of Products



Classifications of Products and Services

Classifications of Products

Consumer
products

Industrial
products

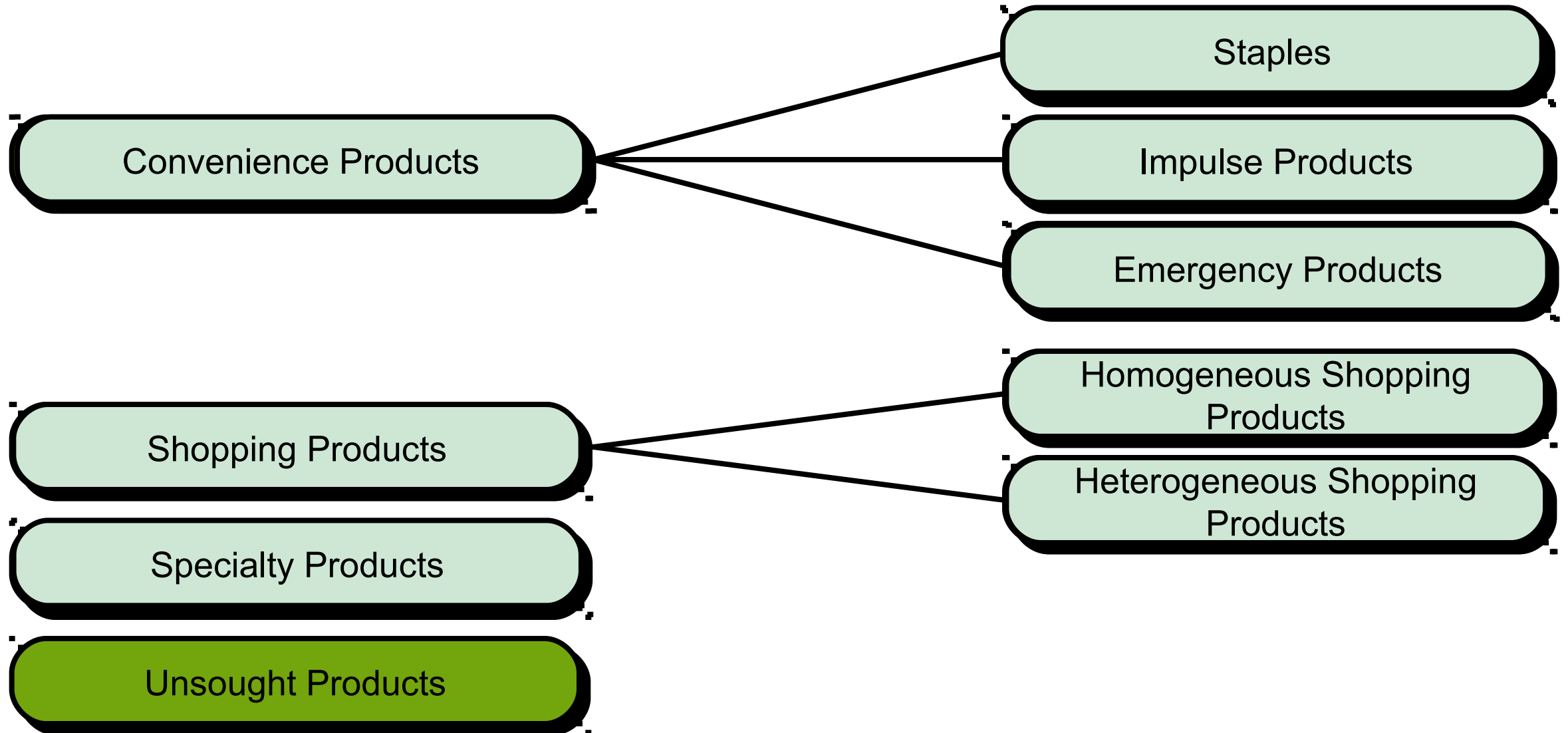
Consumer products

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

Types of consumers products:

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

Types of consumers products



Summary of Consumers 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; knowledge (or, if aware, little or even negative interest)
Price	Low price	Higher price	High 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

Industrial Products

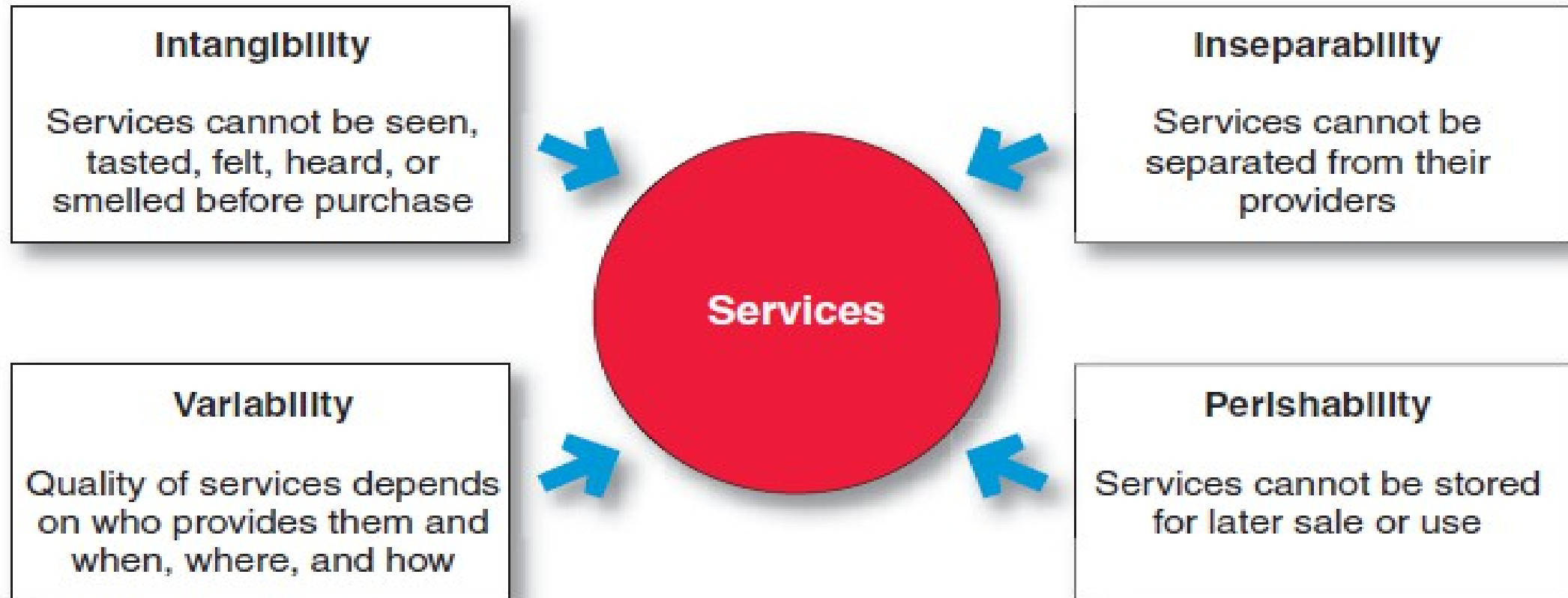
Industrial products are products purchased for further processing or for use in conducting a business.

The main difference between a consumer product and an industrial product is its “purpose” e.g. of *cocacola, computer*.

Classification of industrial products:

- Materials and parts
- Capital
- Raw materials

Four Characteristics of Services

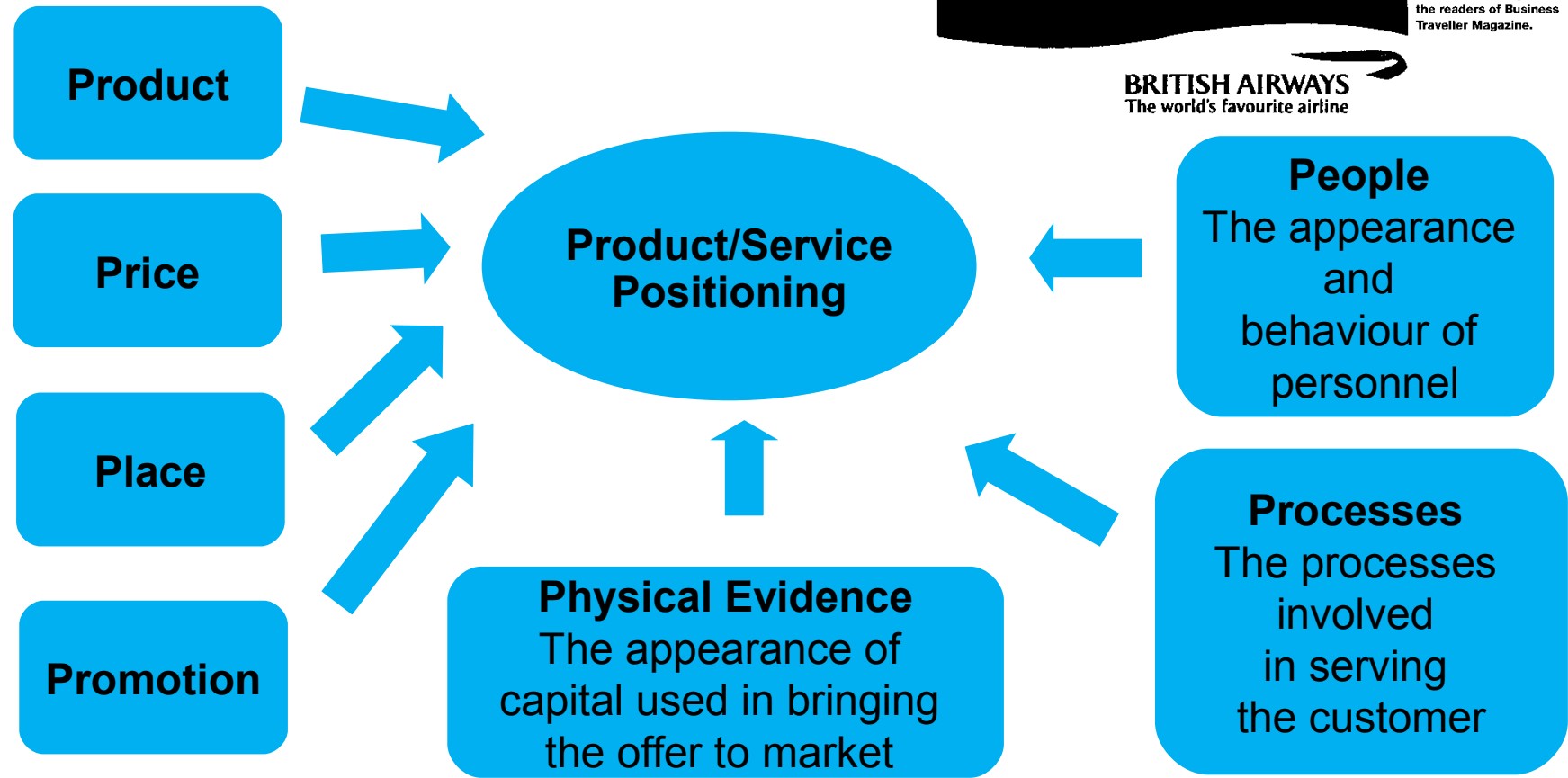


7Ps: An extended Marketing Mix

We're not the best airline because of our awards. We're the best airline because of our people.

Thanks to everyone who works for British Airways, we've been voted 'Best Airline of the Year' for the 10th year running by the readers of Business Traveller Magazine.

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Product & Service Decisions

Product and service decisions

Product and service decisions when designing and marketing a product are made at three levels:

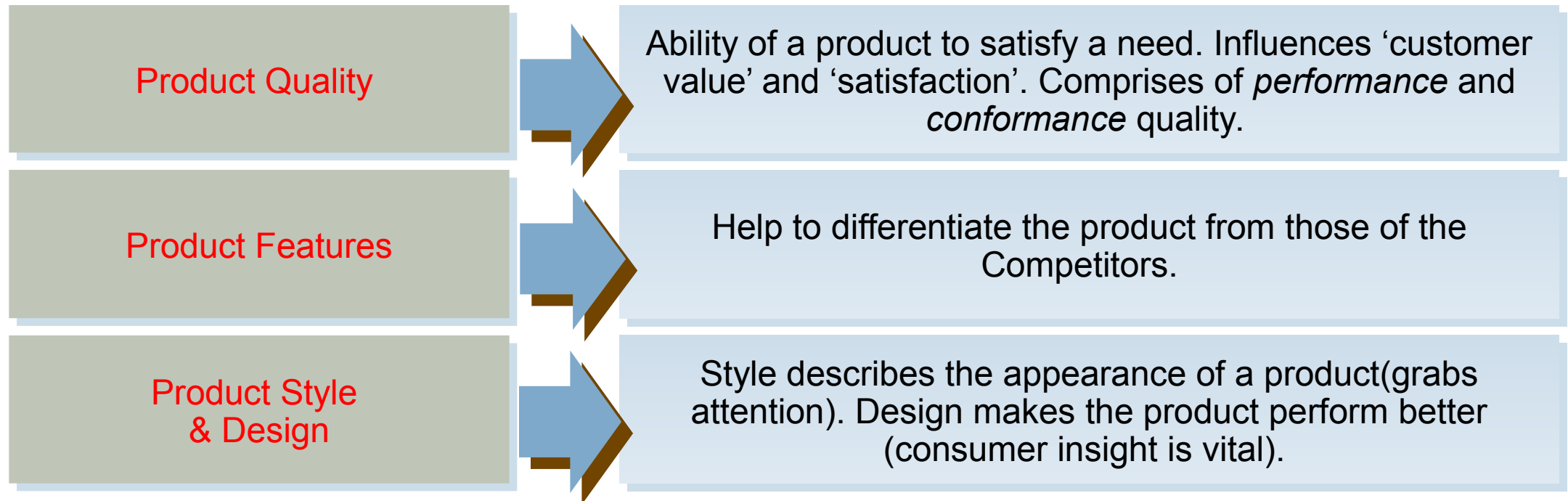
- Individual product decisions
- Product line decisions
- Product mix decisions

Individual Product Decisions parameters



Product attributes

Developing a Product or Service Involves Defining the Benefits that it Will Offer Such as:



Branding

- **Creating, maintaining, protecting, and enhancing products and services.**
- **A brand is a name, term, sign, symbol, or design, or a combination of these, that identifies the maker or seller of a product or service.**



Packaging

- **Packaging** is any container or wrapping in which the product is offered for sale and can consist of a variety of materials such as glass, paper, metal or plastic
- Packaged Goods = products whose packaging is designed to protect or contain the product during shipping, at retail, or point of use
- Eco-packaging is key because package designers must address environmental issues
- Packaging offers communication cues which provide consumers with a basis for making a purchase decision

Labeling and product support services

Product Label helps identify the product or brand, describes several things (who made it, where it was made, when it was made, its contents, usage directions, safety guidelines), and provide promotion (support its positioning).

Product support services: continue building relationships. Nordstrom's motto: "Take care of customers, no matter what it takes," before, during and after the sale.

Product Line Decisions

A 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 (Nike produces several lines of athletic shoes and apparel).

Line filling: adding more items within the present price range. E.g. Parachute, Nihar, hair and care.

Line stretching: When a company lengthens its product line beyond its current range.

- Downward Stretch
- Upward Stretch
- Two-Way Stretch

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Product Mix Decisions

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

Example: Sony Electronics, Sony Computer Entertainment (games), Sony pictures Entertainment (movies, TV shows, music, DVDs), Sony Financial Services (life insurance, banking, etc).

Product mix width refers to the number of different product lines.

Product mix length refers to the number of items the company carries within its product lines.

Product mix depth refers to the number of different versions of each product in the line e.g. LCD, LED, HD, low definition.

Importance of being Consistent regarding product MIX

Branding Strategy: Building Strong Brands

Example of a Strong Brand

A former CEO of McDonald's declared, "If every asset we own, every building, and every piece of equipment were destroyed in a terrible natural disaster, we would be able to borrow all the money to replace it very quickly because of the value of our brand... The brand is more valuable than the totality of all these assets."



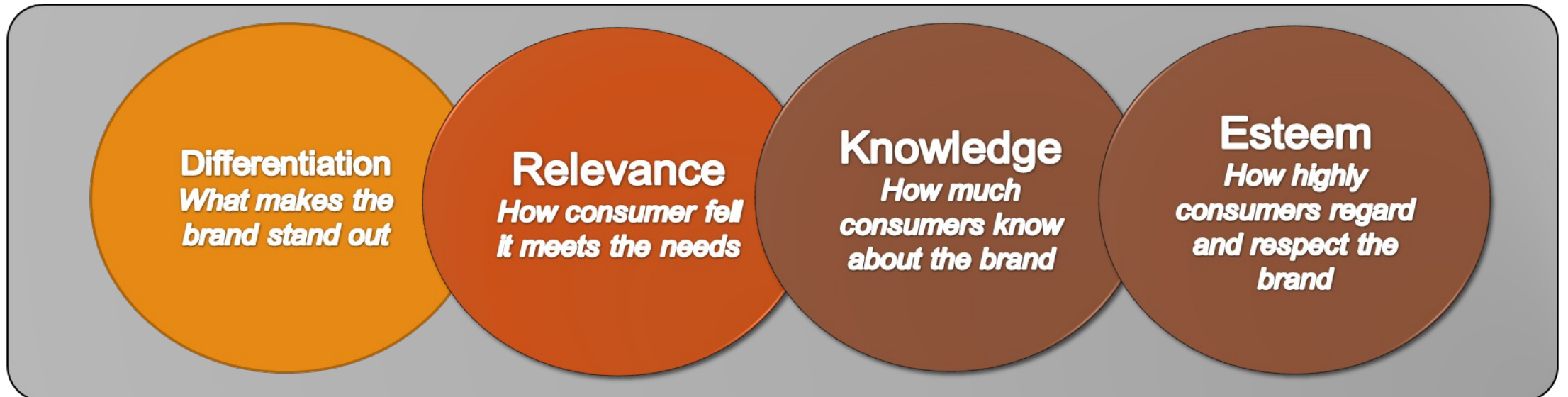
Brand Equity

THE POSITIVE DIFFERENTIAL EFFECT THAT KNOWING THE BRAND NAME HAS ON CUSTOMER RESPONSE TO THE PRODUCT OR SERVICE.

PROVIDES:

More brand awareness and loyalty

Basis for strong, profitable customer relationships



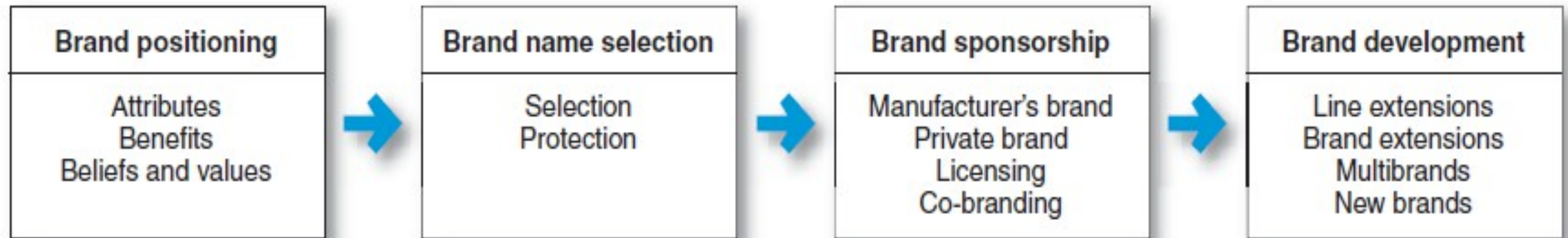
Example of Positive Brand Equity

To a devoted Dunkin' Donuts Fan, that cup of coffee from Dunkin' isn't just coffee, it's a deeply satisfying experience that no other brand can deliver as well. Dunkin' Donuts regularly beats out Starbucks in customer loyalty ratings.

A Brand has Positive Brand Equity when customers react more favorably to it.



Brand Building



Brand Positioning

- ▶ Can position brands at any of three levels.

Product Attributes

Product Benefits

Beliefs and Values



FASTERPIECE.

DESIGNED FOR DRIVING PLEASURE.



back to work



**TRAINING A BODY -
FORTUNATELY
AT LEAST ONE THING
THAT CANNOT BE DONE
WITH COMPUTERS**

Brand Name Selection

1. **Suggest something about the product benefits or qualities:** Saaf, Fair and Handsome, Zerocal.
2. **Are easy to pronounce, recognize and remember:** Wheel, ipad, Tide.
3. **Are distinctive:** Xerox, Lexus.
4. **Are extendable:** Amazon.com.
5. **Translate well into other languages/countries:** Standard oil Exxon instead of Enco.
6. **Can be registered and legally protected.**

Brand Sponsorship/Endorsement

1. **Manufacturer brands (National Brand):** Selling products under their own brand name: Sony BRAVIA; AXE shower gel; Johnson Baby powder.
2. **Private (store) brands:** retailers and wholesalers create their own store brands; usually lower cost than manufacturer brands : Wall Mart – Great Value products.
3. **Licensed brands:** Name and character licensing has grown: Disney characters on children accessories; CK; Gucci etc.
4. **Co-branding:** when two established brand names of different companies are used on the same product: Puma



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Brand Development





Thank
you