

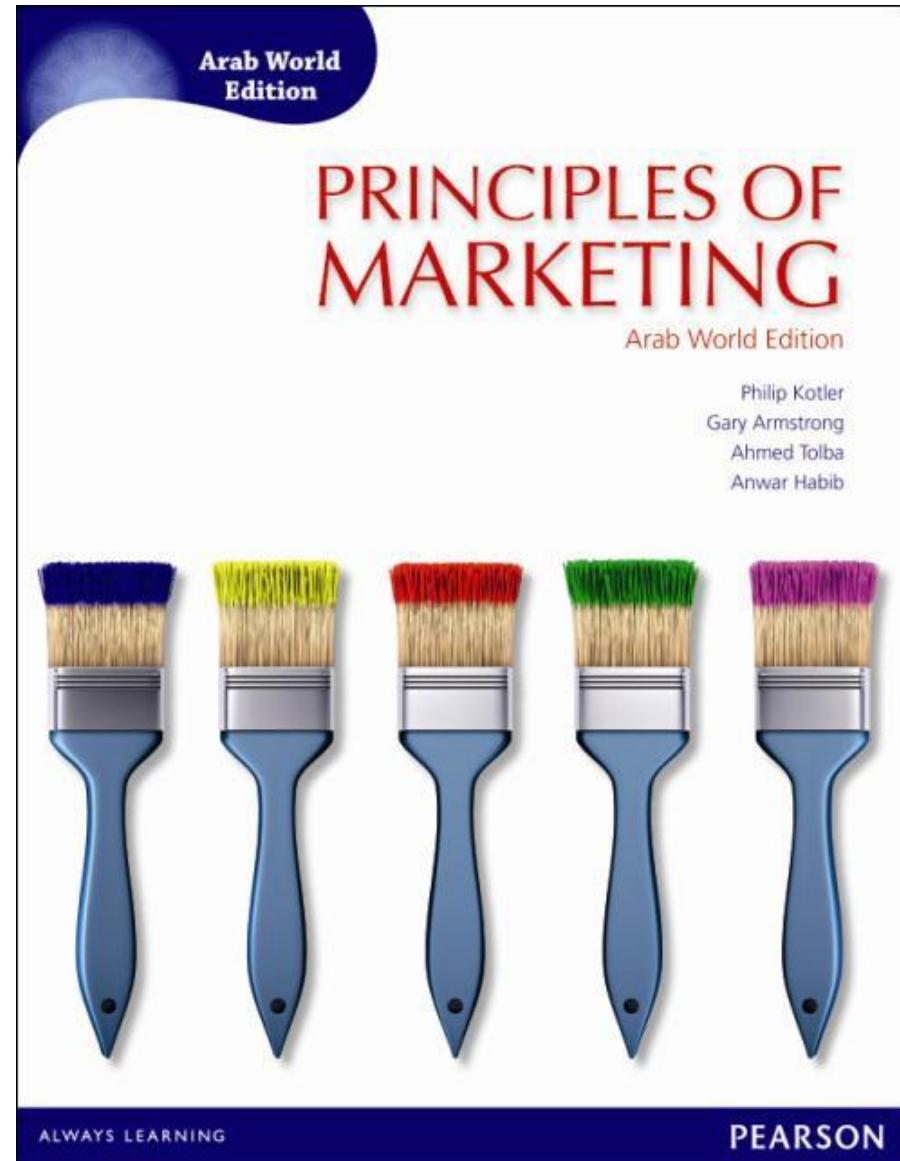
MARKETING MANAGEMENT

Lecture 6 - Chapter 8

Winter Semester 2022/2023

Course Lecturer:

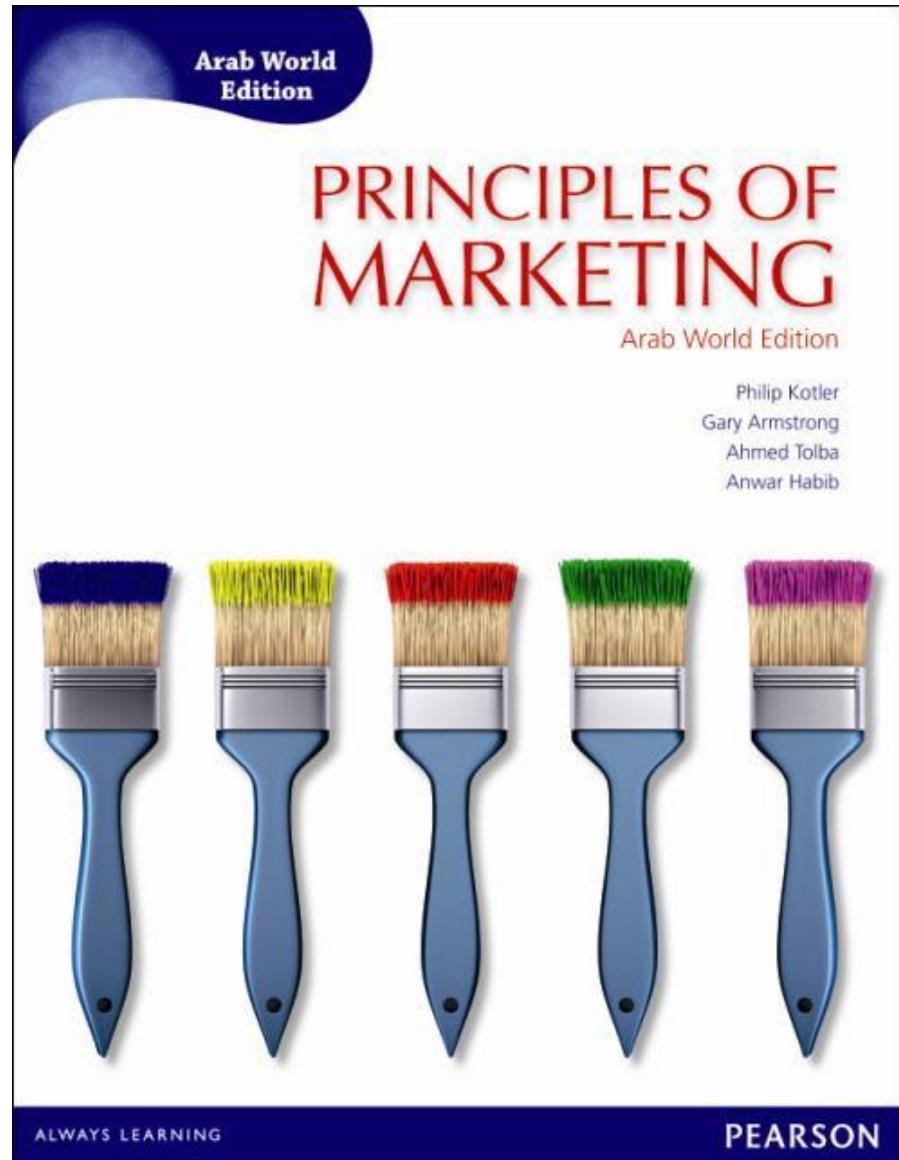
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Chapter 8:

Products, Services, and Brands: Building Customer Value

Designing a Customer-Driven
Strategy and Mix



What Is a Product?

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

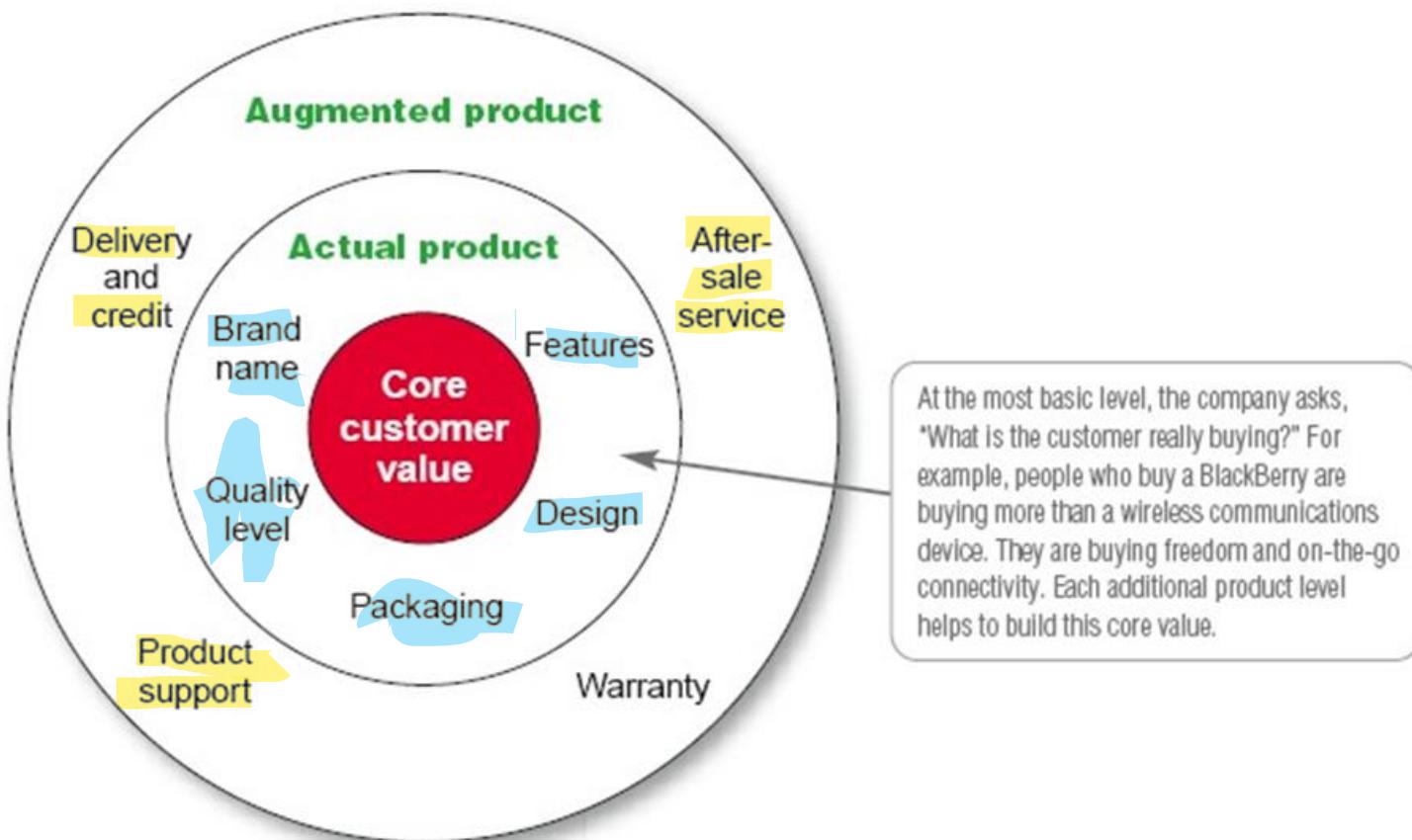
Service is a product that consists of **activities**, benefits, or satisfactions and that is essentially **intangible** and does not result in the ownership of anything.

What Is a Product?

Levels of Product and Services

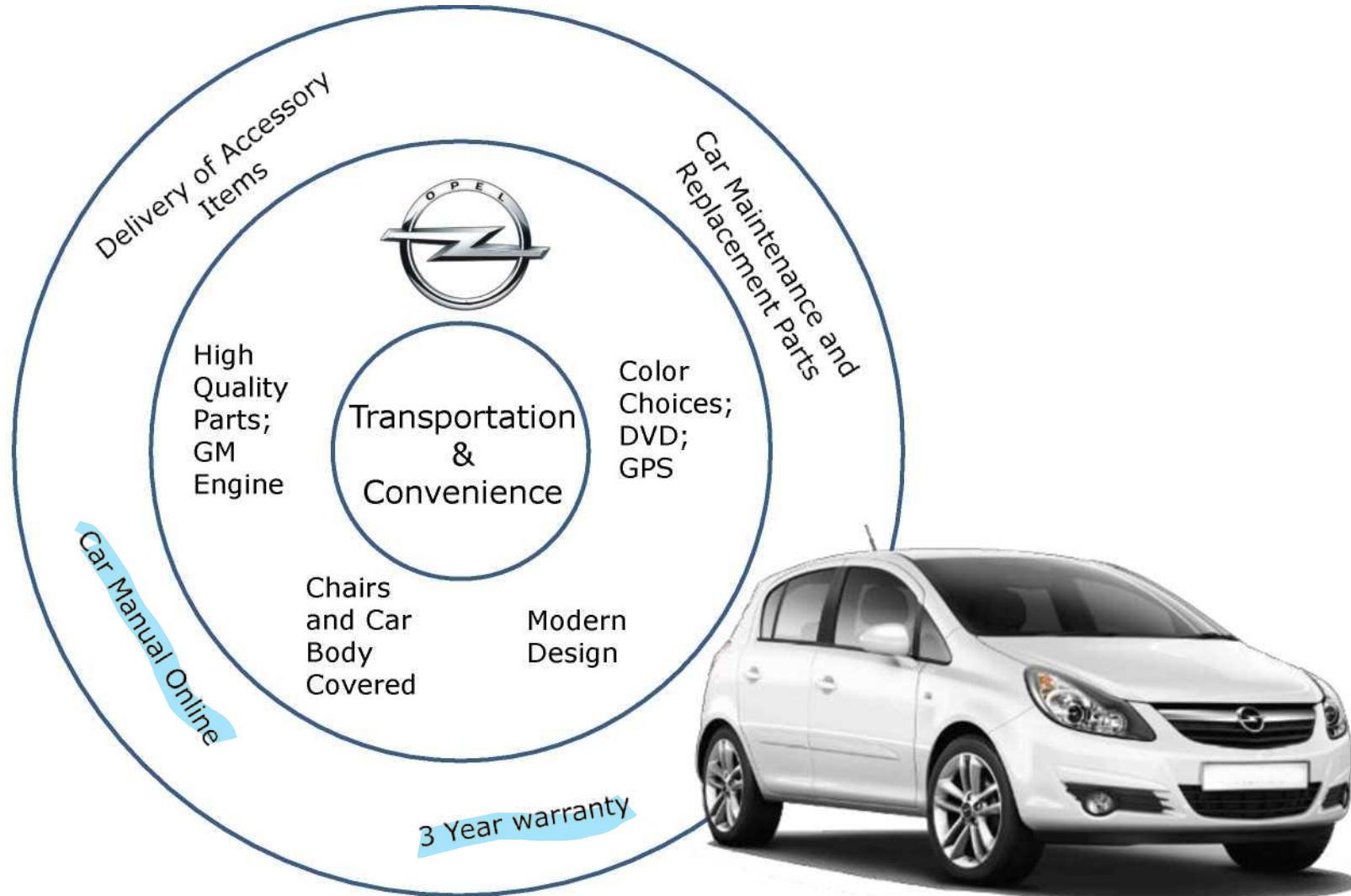
FIGURE | 8.1

Three Levels of Product



What Is a Product?

EXAMPLE: Opel - Levels of Product and Services



What Is a Product?

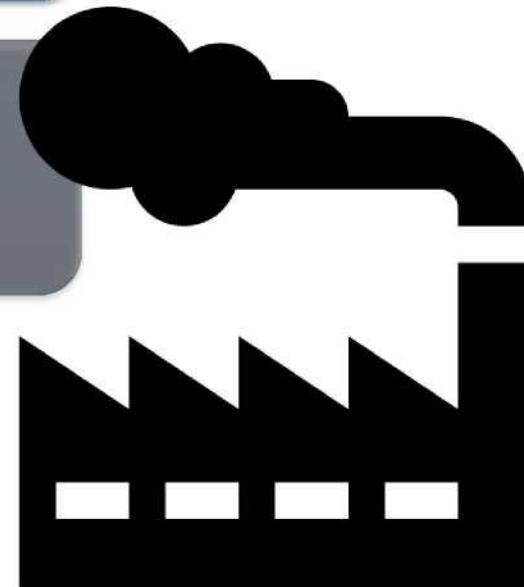
Product and Service Classifications



Consumer products



Industrial products



What Is a Product?

Product and Service Classifications

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

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

What Is a Product?

Product and Service Classifications

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

- Newspapers
- Candy
- Fast food



What Is a Product?

Product and Service Classifications

Shopping products are 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?

Product and Service Classifications

Specialty products are consumer products and services with unique characteristics or brand **identification** for which a significant group of buyers is willing to make a special purchase effort.

- Medical services
- Designer clothes
- High-end electronics



What Is a Product?

Product and Service Classifications

Unsought products are consumer products that the consumer does not know about or knows about but does not normally think of buying.

- Life insurance
- Funeral services
- Blood donations



What Is a Product?

Product and Service Classifications

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



Product and Service Decisions

- Individual Product and Service Decisions
- Product Mix Decisions

Product and Service Decisions

Individual Product and Service Decisions

FIGURE | 8.2

Individual Product Decisions



Product and Service Decisions

Individual Product and Service Decisions

Communicate and deliver benefits by
product and service attributes.

- Quality
- Features
- Style and design

Product and Service Decisions

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.

- **Performance** quality
- **Conformance** quality

★Total Quality Management (TQM)

Product and Service Decisions

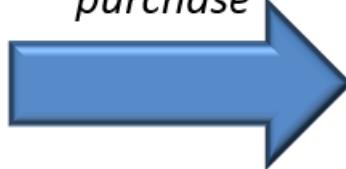
Individual Product and Service Decisions

Product Features

- Competitive tool for differentiating a product from competitors' products



Marketing Research on reasons for purchase



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.



Product and Service Decisions

Individual Product and Service Decisions

Brand is the name, term, sign, or design or a combination of these, that identifies the **maker** or **seller** of a **product** or **service**.



Product and Service Decisions

Individual Product and Service Decisions

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

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



Product and Service Decisions

EXAMPLE: Packaging



Product and Service Decisions

EXAMPLE: Packaging



Product and Service Decisions

Individual Product and Service Decisions

Product support services augment actual products.

NOTICE

I do not consider a sale complete until goods are worn out and customer still satisfied.

We will thank anyone to return goods that are not perfectly satisfactory.

Should the person reading this notice know of anyone who is not satisfied with our goods, I will consider it a favor to be notified.

Above all things we wish to avoid having a dissatisfied customer.

L.L.Bean

Product and Service Decisions

Product Mix Decisions

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

- **Width**
- **Length**
- **Depth**



Product and Service Decisions

EXAMPLE: Nestle - Product Mix Decisions

Width



Product and Service Decisions

EXAMPLE: Nestle - Product Mix Decisions

Length



Product and Service Decisions

EXAMPLE: Nestle - Product Mix Decisions

Depth





Branding Strategy: Building Strong Brands

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.



Branding Strategy: Building Strong Brands

Brand Equity and Brand Value



Branding Strategy: Building Strong Brands

Building Strong Brands

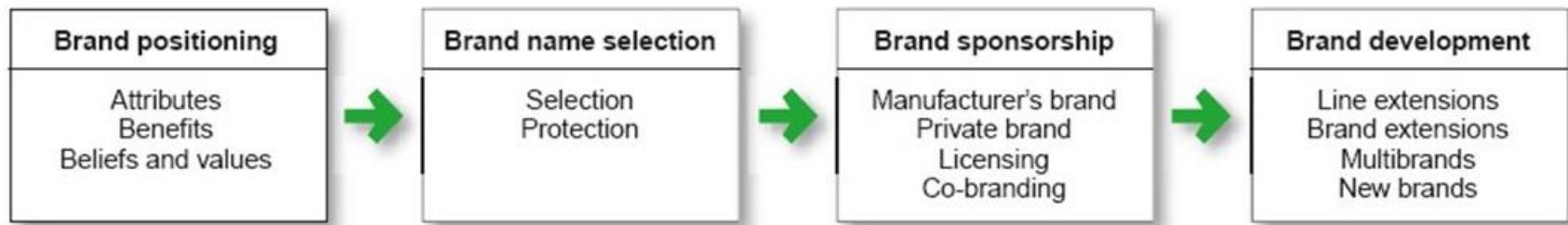


FIGURE | 8.3 Major Brand Strategy Decisions

Branding Strategy: Building Strong Brands

Brand Positioning

Marketers can position brands at any of three levels.

- Attributes
- Benefits
- Beliefs and values

Branding Strategy: 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



Branding Strategy: Building Strong Brands

Brand Sponsorship

Manufacturer's brand

Private brand

Licensed brand

Co-brand



Branding Strategy: Building Strong Brands

Brand Sponsorship

Manufacturer's brand

A product sold under the manufacturer's own brand name.



Branding Strategy: Building Strong Brands

Brand Sponsorship

Private brand

A brand created and owned by a reseller of a product or service.



Branding Strategy: Building Strong Brands

Brand Sponsorship

Licensed brand

Some companies license names or symbols previously created by other manufacturers or characters from popular movies and books.



Branding Strategy: Building Strong Brands

Brand Sponsorship

Co-branding

The practice of using the established brand names of two different companies on the same product.



Branding Strategy: Building Strong Brands

Brand Development

FIGURE | 8.4

Brand Development Strategies

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

This is a very handy framework for analyzing brand development opportunities. For example, what strategy did Toyota use when it introduced the Toyota Camry Hybrid? When it introduced the Toyota Prius? The Scion?

Branding Strategy: Building Strong Brands

EXAMPLE: SONY (Fictional Example) - Brand Development

Existing

Line Extension



Existing

New

Brand Extension



Multibrands



New

New Brands





Services Marketing

Nature and Characteristics of a Service

FIGURE | 8.5

Four Service Characteristics

Although services are 'products' in a general sense, they have special characteristics and marketing needs. The biggest differences come from the fact that services are essentially intangible and that they are created through direct interactions with customers. Think about your experiences with an airline versus Nike or Apple.

