



Product: An Introduction

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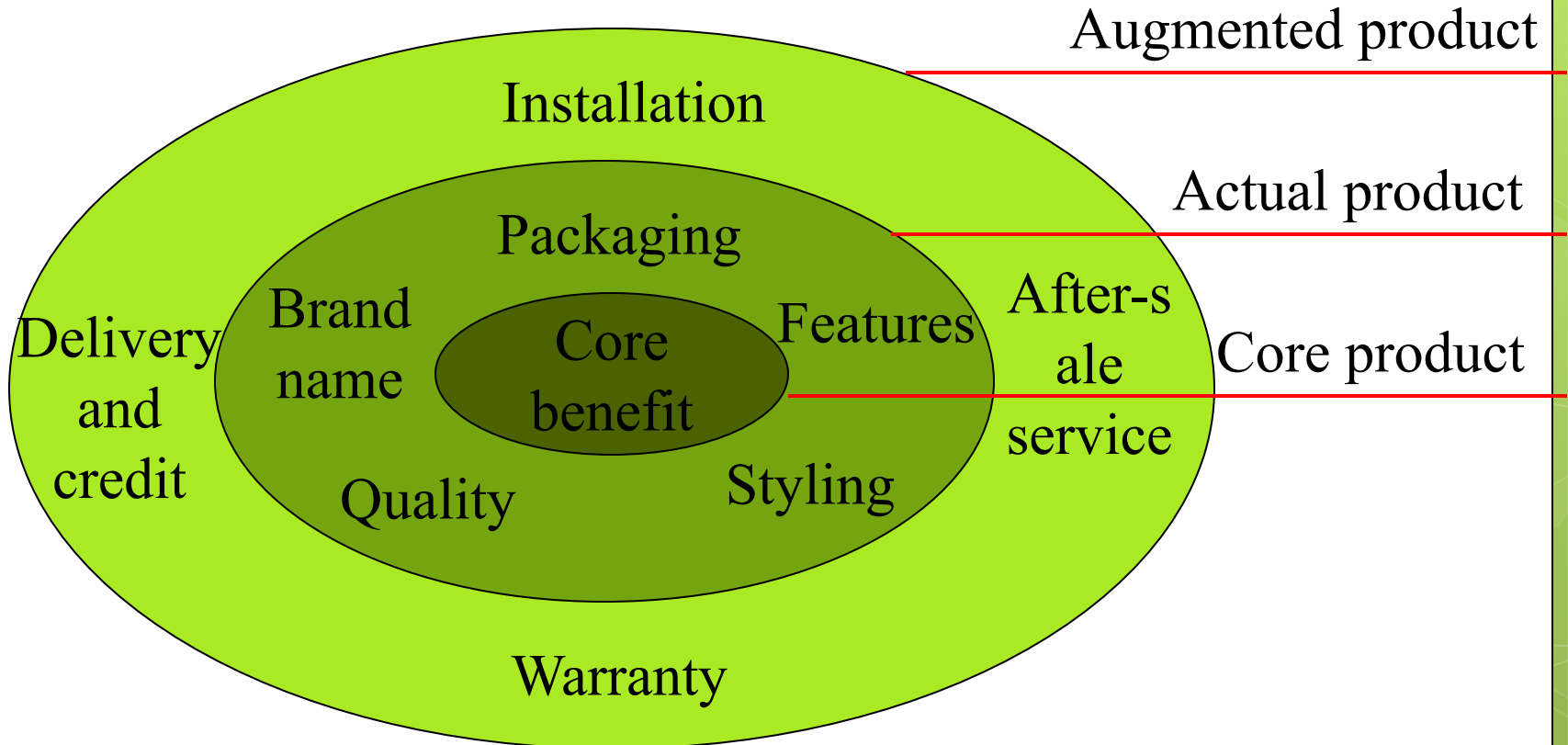
Product: An Introduction

- What is a product?
- Levels of product
- Product classification
- Individual product decisions
- Product line decisions
- Product-mix decisions
- International product decisions

What Is a Product?

- Product is anything that can be offered to a market to satisfy a need or want;
- Products include goods, services, experiences, persons, places, organizations, information, ideas;

Levels of Product: General Concept



Product Classification: Consumer Products

- ▣ **Convenience products** – those the customer usually buys frequently, immediately, and with a minimum comparison and buying effort/eggs, milk;
- ▣ **Shopping products** – those the customer characteristically compares with others on the basis of suitability, quality, price, style/white goods, clothing;
- ▣ **Specialty products** – those with unique characteristics or brand identification for which a significant group of buyers is willing to make special purchase effort;
- ▣ **Unsought products** – those the customer either does not know about or know but do not normally think of buying;

Product Classification: Industrial Products

Materials and parts:

- raw materials - farm products, natural products;
- manufactured materials and parts – component materials and component parts;

Capital items:

- installations – building, heavy equipment
- equipment – factory equipment and tools

Services and supplies

Product Classification:

Other Products

- **Organisations** – maintain, create or alter the attitudes towards an organisation
- **Persons** - maintain, create or alter the attitudes towards specific people
- **Place** (destination marketing) to seize the opportunities and sustain its vitality
- **Ideas** – public health, reduce smoking, child abuse, clean air...

Individual Product Decisions: Product Attributes and Features

- Product quality: quality of design, quality conformance, reliability, safety, proper storage;
- Product features – appearance, components, capabilities;
- Product style and design;

Individual Product Decisions: Branding

- A brand is a name, term, sign symbol or design, or a combination of these intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors
- Levels of meaning of brands: attributes, benefits, values, personality

Individual Product Decisions

Branding: Advantages of Branding

For the buyers:

- They tell something about the product quality;
- Increase shopper's efficiency;
- Attract customers' attention to new products;

Individual Product Decisions

Branding: Advantages of Branding

For the sellers:

- Provides legal protection of unique features;
- Helps sellers attract loyal customers;
- Helps market segmentation;
- Facilitates order processing;

Individual Product Decisions

Branding: Advantages of Branding

For the society:

- Higher and more consistent product quality;
- Increased innovation and customer choice;

Brand Equity

- Brand equity is the value premium that a company realizes from a product with a recognizable name as compared to its generic equivalent. Companies can create brand equity for their products by making them memorable, easily recognizable and superior in quality and reliability.

Brand equity relates to:

- **Brand loyalty.** Encourages customers to buy a particular brand time after time;
- **Brand awareness.** Brand names attract attention and convey images of familiarity;
- **Perceived quality.** 'Perceived' means that the customers decide upon the level of quality, not the company;
- **Brand associations.** The values and the personality linked to the brand;
- **Other proprietary brand assets.** Include trademarks, patents;

Individual Product Decisions

Branding: Brand Name Selection

- It should suggest something about product's benefits and qualities;
- Easy to pronounce, recognise and remember;
- Distinctive;
- Easy and meaningfully to translate into other languages;
- Capable of registration and legal protection;

Individual Product Decisions

Branding: Brand Sponsorship

- Private brands – own label of the retailer;
- Manufacturers' brands;
- Licensing;
- Co-branding;
- Ingredient branding;

Perspectives on private labels

Retailer perspective

- Better profit margins;
- Strengthens retailer image;

Manufacturer perspective

- No promotional expenses;
- Provides access to shelf space;
- Requires competing on price;
- Loss of control and identity;
- May cannibalise other manufacturer brands;

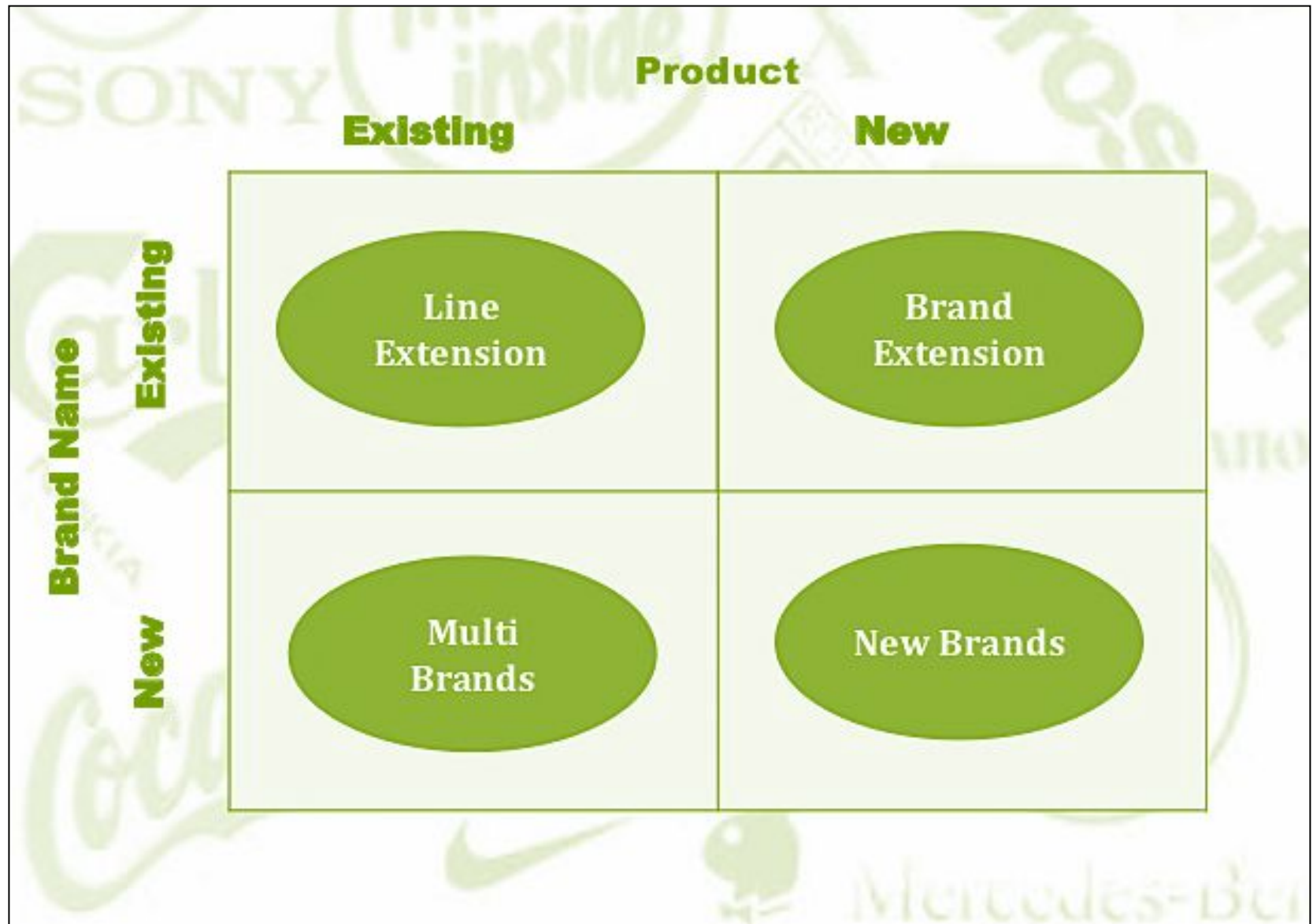
Co-branding

- Co-branding is a form of cooperation between two or more brands with significant customer recognition, in which all the participants' brand names are retained.

Individual Product Decisions

Branding: Brand Strategy

- Line extension
- Brand extension
- Multibrands
- New brands
- Brand repositioning



Individual Product Decisions

Other Decisions

- Packaging;
- Labelling;
- Product-support services;
- Social responsibility of the company;

Product support services decisions

- Intangibility;
- Perishability;
- Heterogeneity;
- Inseparability;

Categories of supplementary service

- Information
- Consultation and advice
- Order taking
- Hospitality
- Safekeeping
- Exceptions
- Billing and Payment

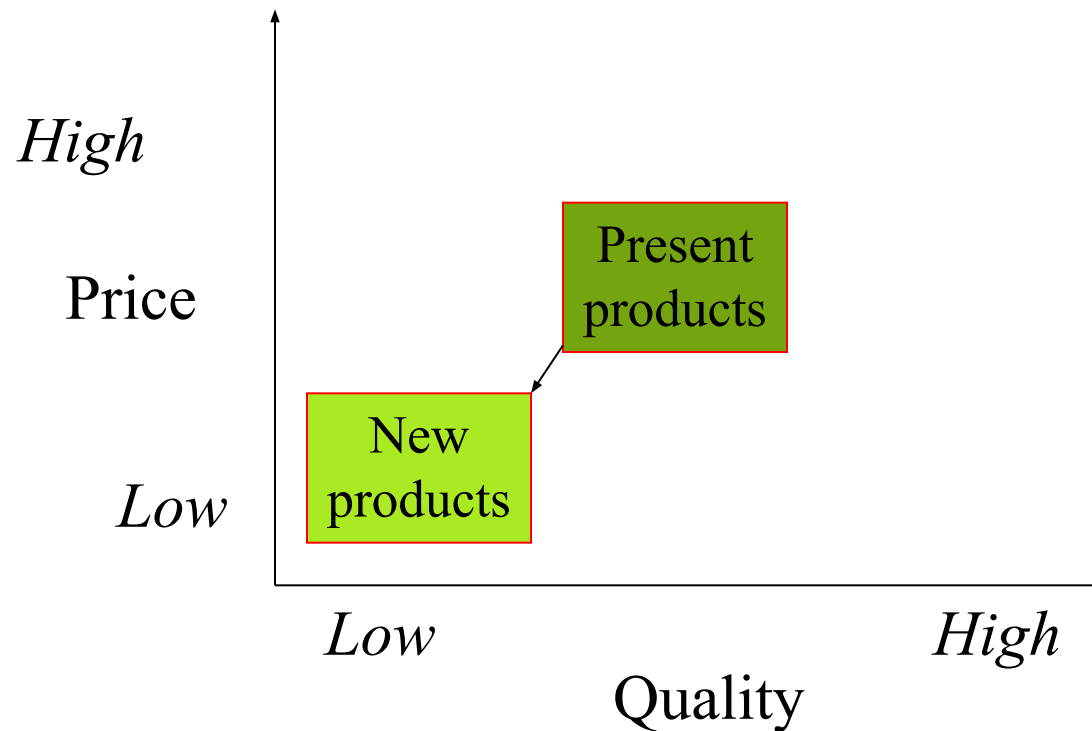
Product Line Decisions

Product Line: A Definition

- Product line is a group of products that are closely related because they function in a similar manner, are sold to the same customer group, are marketed through the same types of outlets, or fall within given price range.

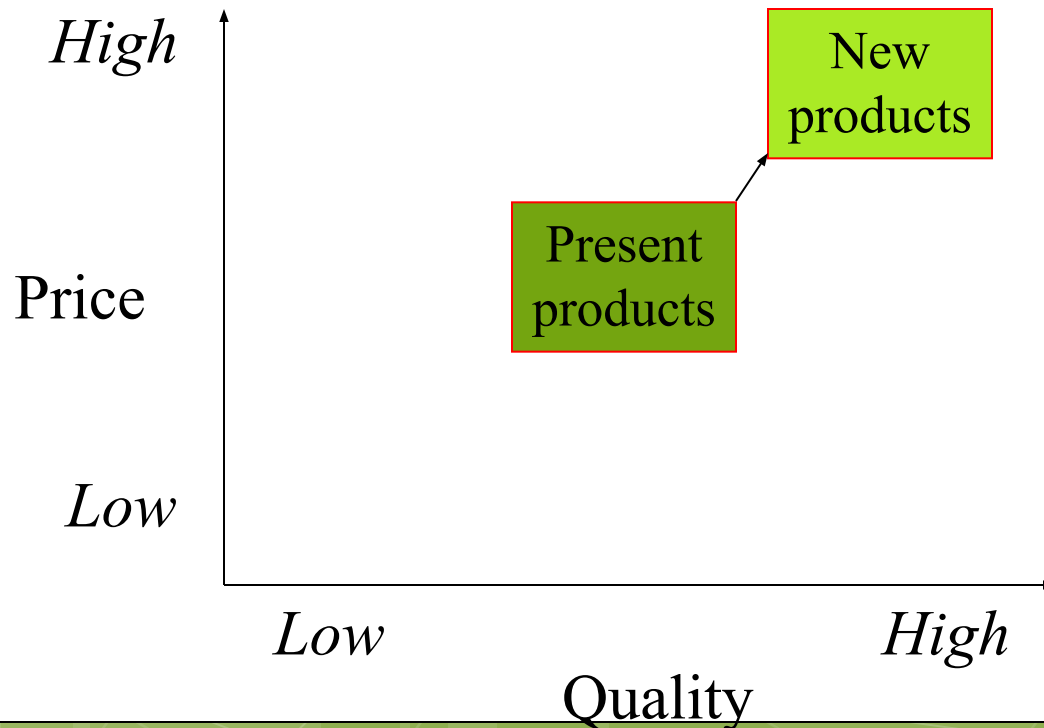
Product Line Decisions: Product Line-length Decisions

- Downward stretch



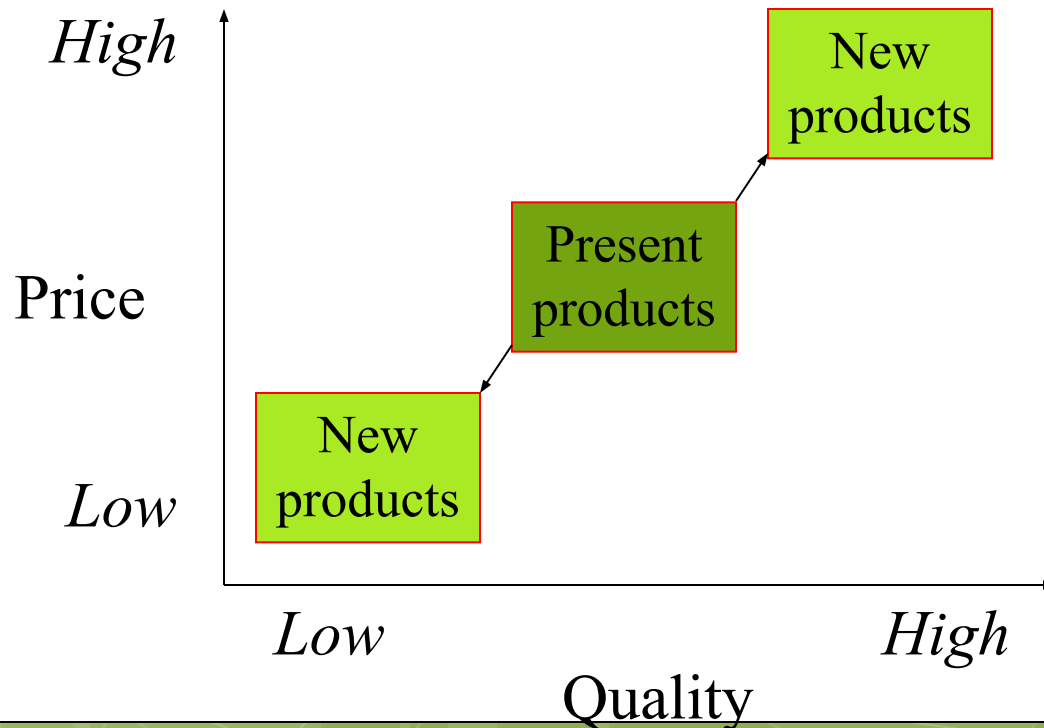
Product Line Decisions: Product Line-length Decisions

- Upward stretch



Product Line Decisions: Product Line-length Decisions

- Two-way stretch



Product Mix Decisions

- Product mix – the set of all product lines and items that a particular seller offers;
- Product mix breadth – the number of product lines within the product mix;
- Product mix length – the number of items within the product lines;
- Product line depth – the number of versions offered of each product in the line;