



MARKETING MIX

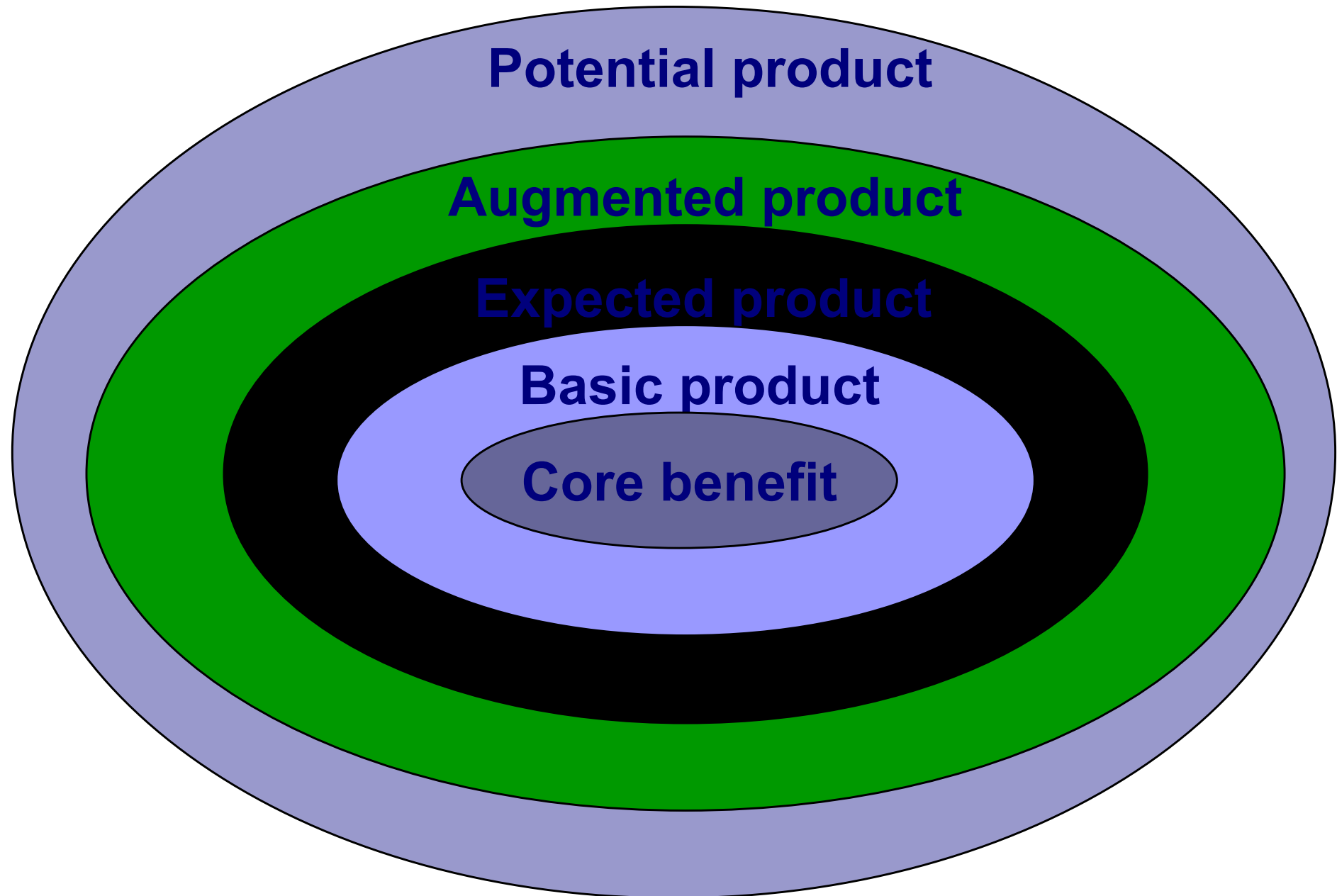
PRODUCT

WHAT IS A PRODUCT?

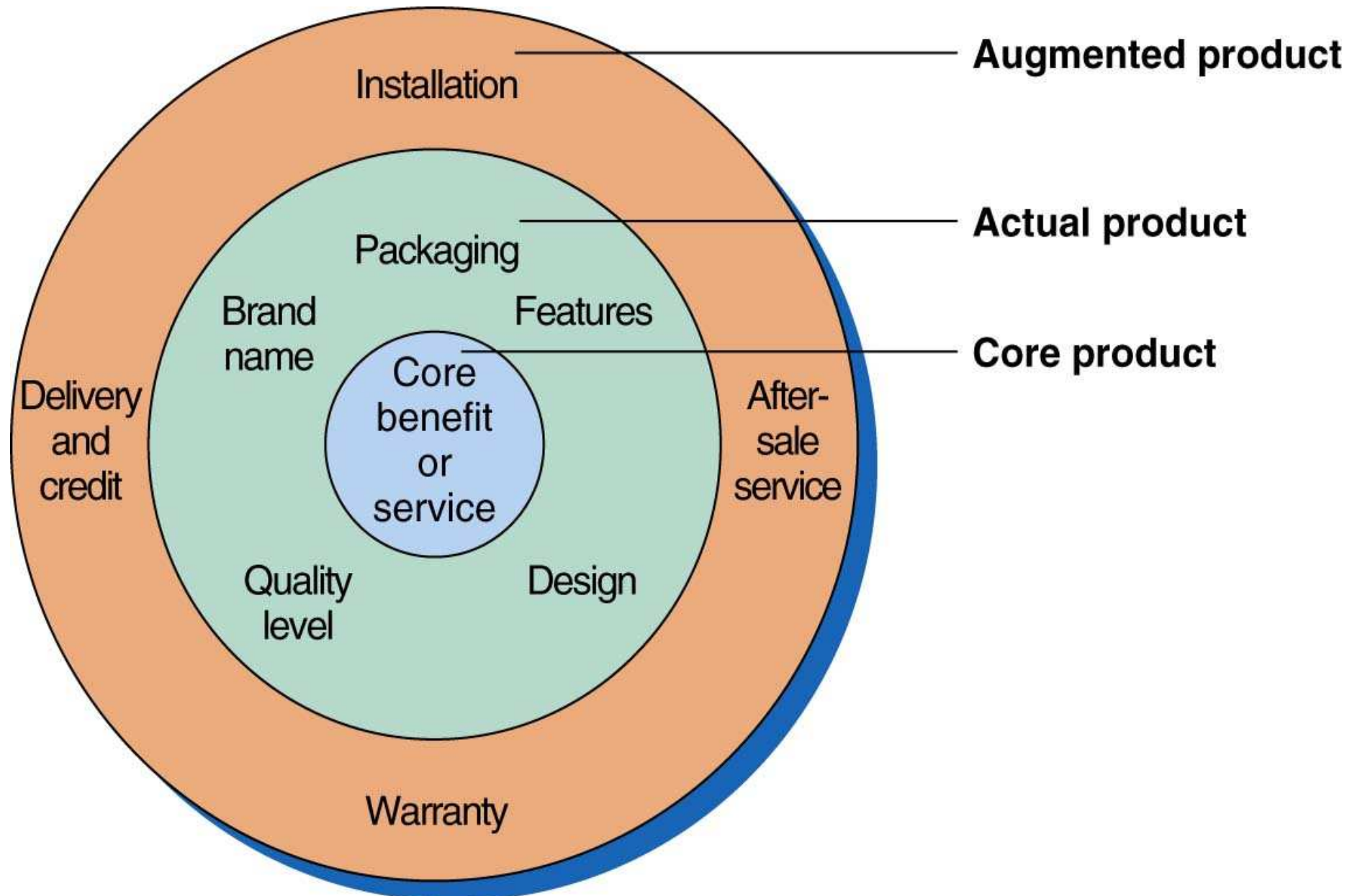
Product:

- **bundle of physical, service, and symbolic attributes** designed to enhance buyers' want satisfaction
- anything that can be offered to a market for **attention, acquisition, use, or consumption and that might satisfy a want or need.**
 - Includes: physical objects, services, events, persons, places, organizations, ideas, or some combination thereof.

Five Product Levels



Levels of a Product





Časopis pro obchod s potravinami a službami
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Coca-Cola BIāk™

JEDINEČNÉ SPOJENÍ
Coca-Cola chuti
a kávového extraktu

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What is a Service?

- A form of product that consists of activities, benefits, or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything.
 - Examples: banking, hotel, airline, retail, tax preparation, home repairs.

Consumer-Goods Classification

Convenience Products

Buy frequently & 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

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 & personal selling

Figure 11.5:
Classification
of Consumer
Products

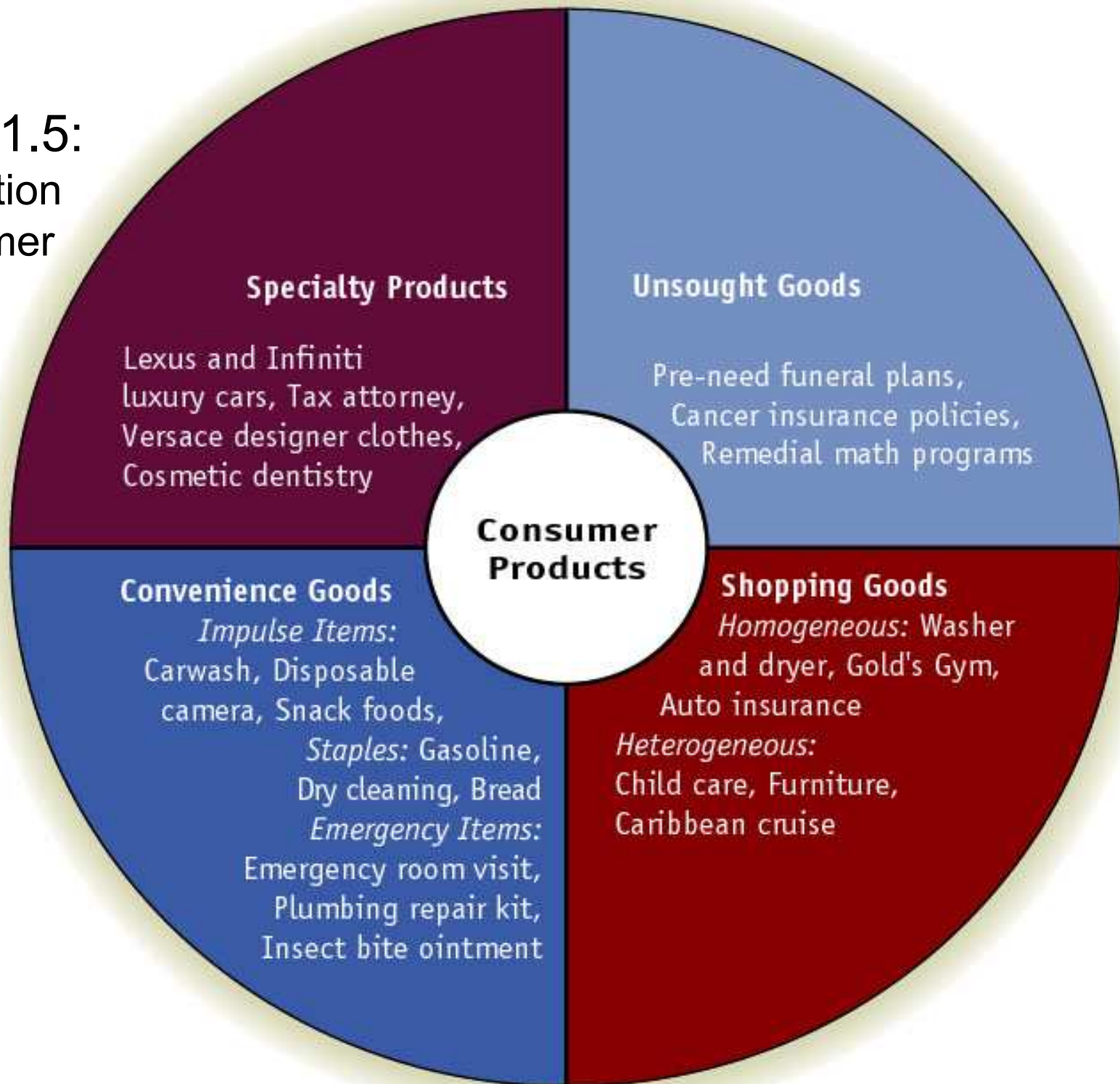


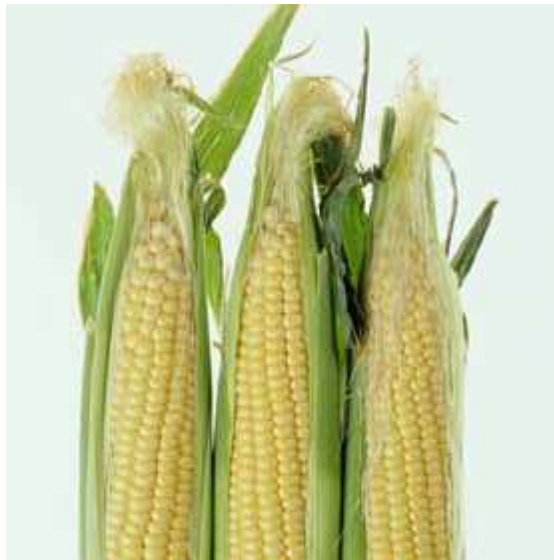
Table 11.1: Marketing Impact of the Consumer Products and Services Classification System

Factor	Convenience Products and Services	Shopping Products and Services	Specialty Products and Services
Marketing Mix Factors			
Price	Low	Relatively high	High
Promotion	Advertising and promotion by producer	Personal selling and advertising by both producer and retailer	Personal selling and advertising by both producers and retailer
Distribution channel length	Long	Relatively short	Very short
Number of sales outlets	Many	Few	Very few; often one per market area
Importance of seller's image	Unimportant	Very important	Important



Industrial Products + commodities

- Those purchased for further processing or for use in conducting business.



Industrial Products

Materials and Parts

Raw materials, manufactured materials, and parts

Capital Items

Products that aid in buyer's production or operations

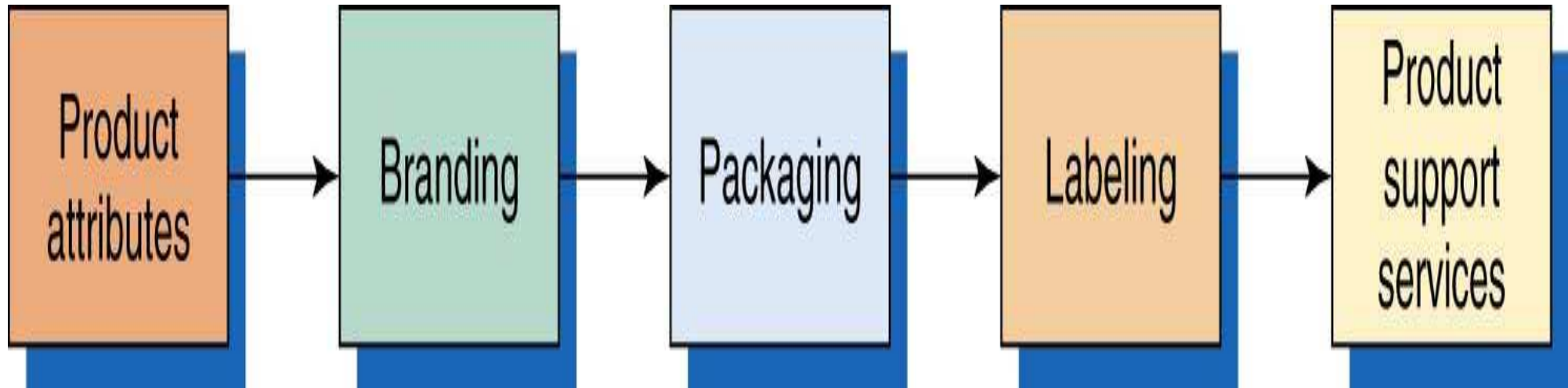
Supplies and Services

Operating supplies, repair, and maintenance items

Other Market Offerings

- Organizations: Profit (businesses) and nonprofit (schools and churches).
- Persons: Politicians, entertainers, sports figures, doctors, and lawyers.
- Places: create, maintain, or change attitudes or behavior toward particular places (e.g., tourism).
- Ideas (social marketing): Public health campaigns, environmental campaigns, family planning, or human rights.

Individual Product Decisions



Product and Service Attributes

Quality

Performance and Satisfaction
Includes Level & Consistency

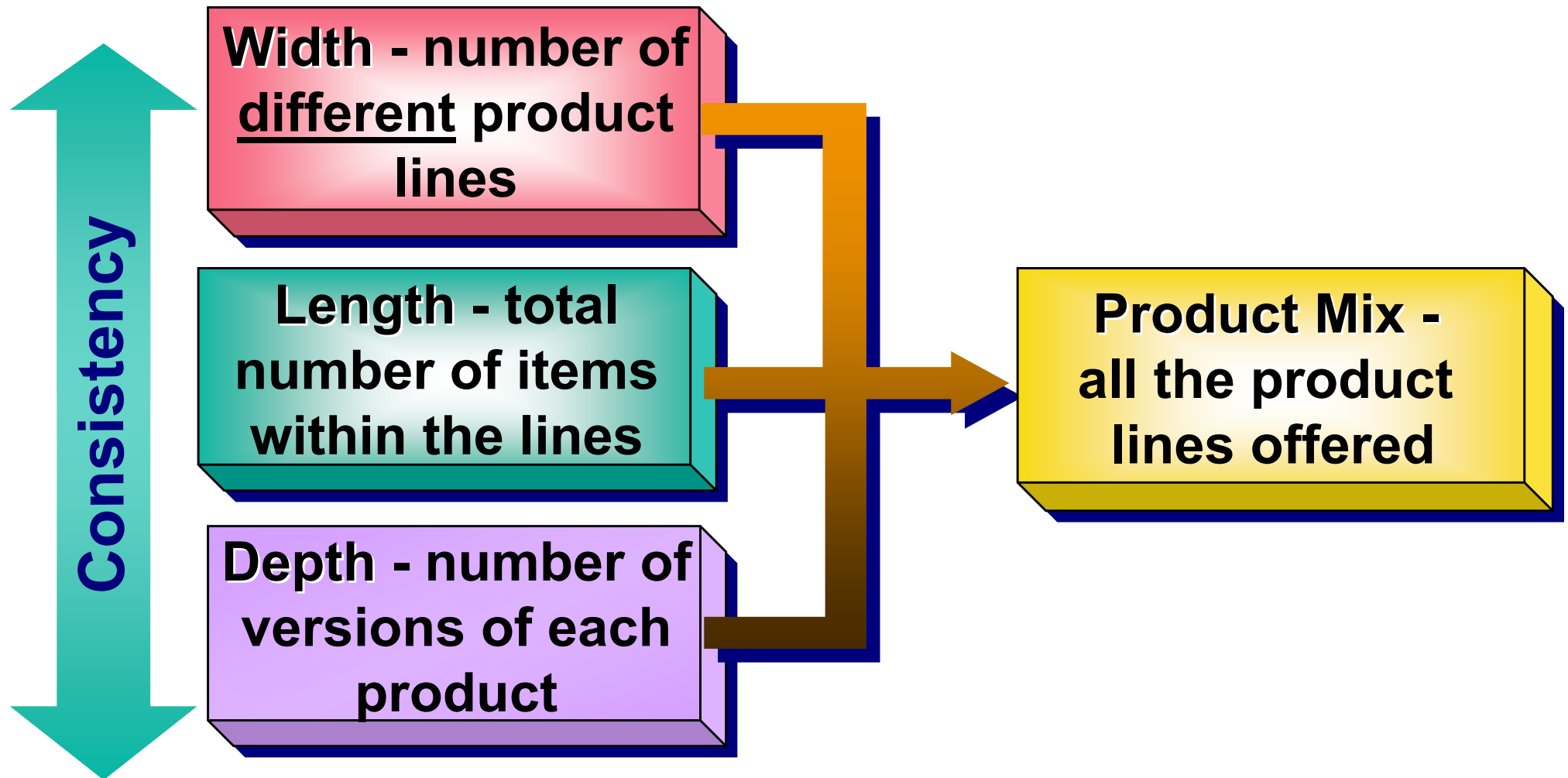
Features

Differentiates a product from the
competition; assessed based on
value and cost

Style & Design

Style = Appearance
Design = heart of the product

Product Mix



Product Mix Decisions

- *Product Mix*: all of the product lines and items that a particular seller offers for sale.
- *Width*: the number of different product lines the company carries. # product lines an organization offers
- increase width to:
 - diversify risk
 - capitalize on established reputations
- *Depth*: the number of versions offered of each product in the line.
- # product items in a product line
- increase depth to:
 - attract buyers with different preferences
 - increase sales & profits by further segmenting market
 - capitalize on economies of scale
 - even out seasonal sales patterns
- *Consistency*: how closely related the various lines are.
- http://www.henkel.com/cps/rde/xchg/henkel_com/hs.xsl/index.htm

Product Line Decisions

Product Line Length
Number of Items in the Product Line

Stretching

Lengthen beyond
current range.

Can be:

Downward

Upward

Both Directions

Filling

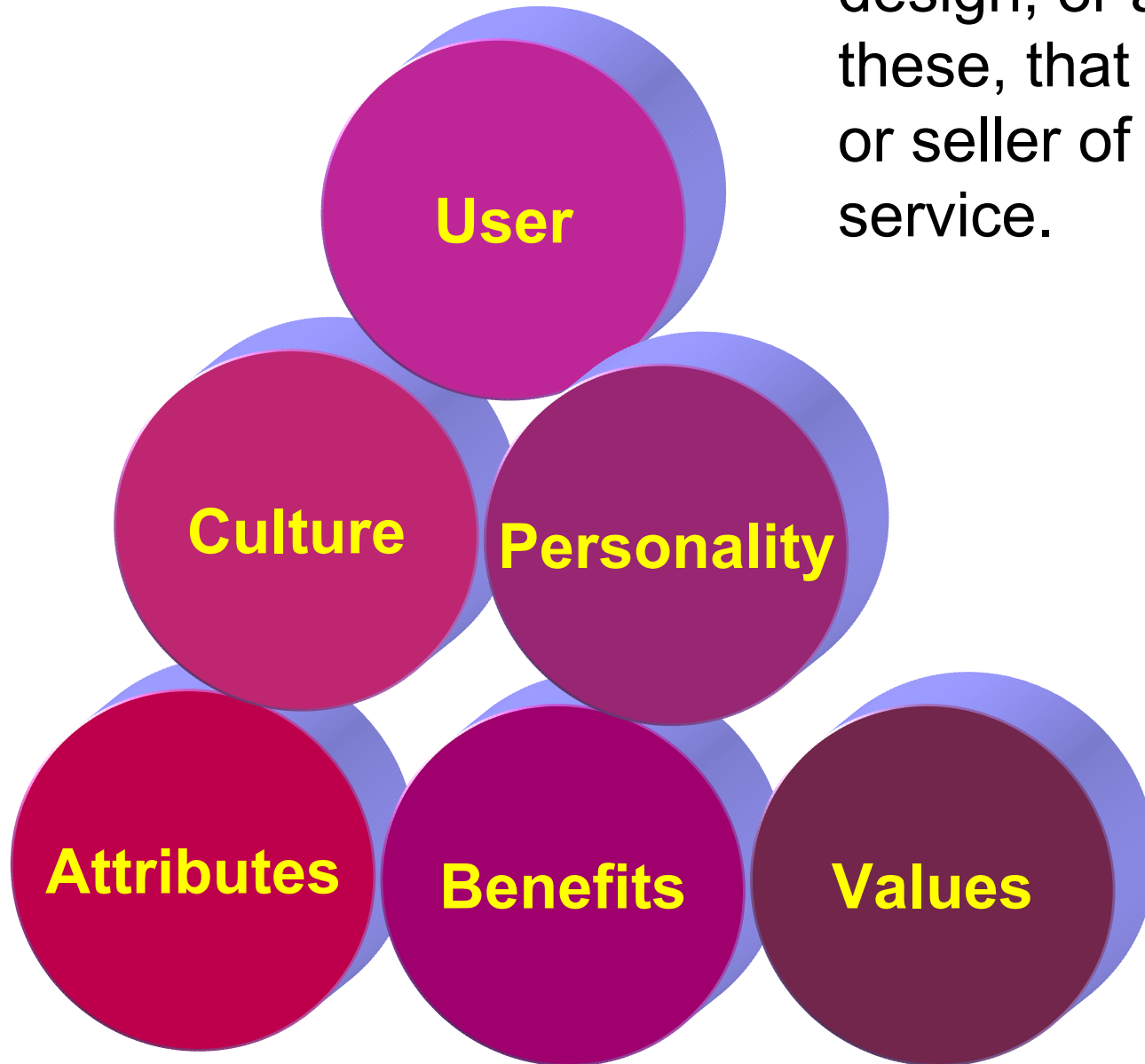
Lengthen within
current range

<http://eshop.vodafone.cz/hs.htm?lang=en>

Two-Way Product-Line Stretch: Marriott Hotels

		Quality			
		Economy	Standard	Good	Superior
Price	High				Marriott Marquis (Top executives)
	Above average			Marriott (Middle managers)	
	Average		Courtyard (Salespeople)		
	Low	Fairfield Inn (Vacationers)			

What is a **Brand**? 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.



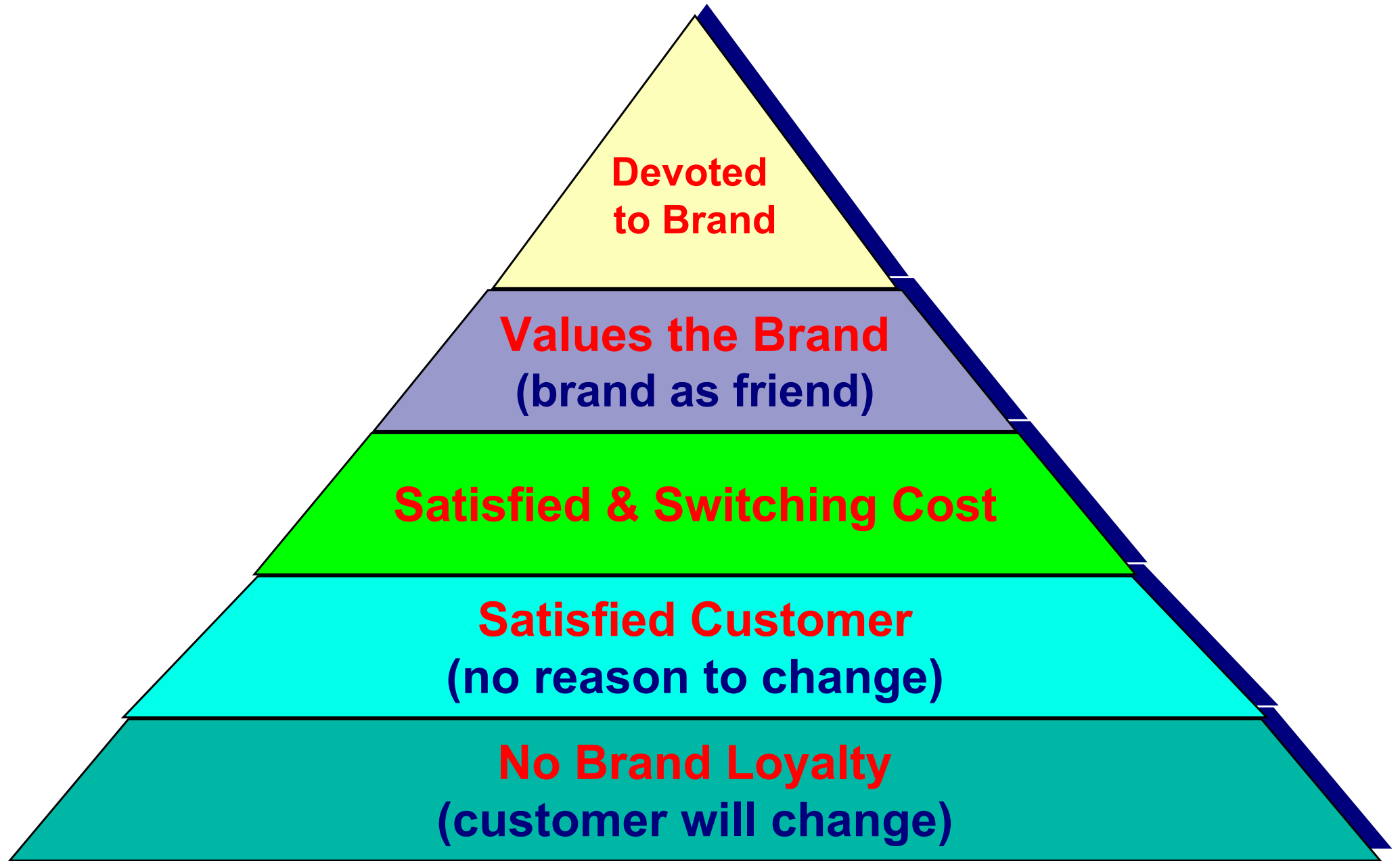
Branding

- Advantages to buyers:
 - Product identification
 - Product quality
- Advantages to sellers:
 - Basis for product's quality story
 - Provides legal protection
 - Helps to segment markets

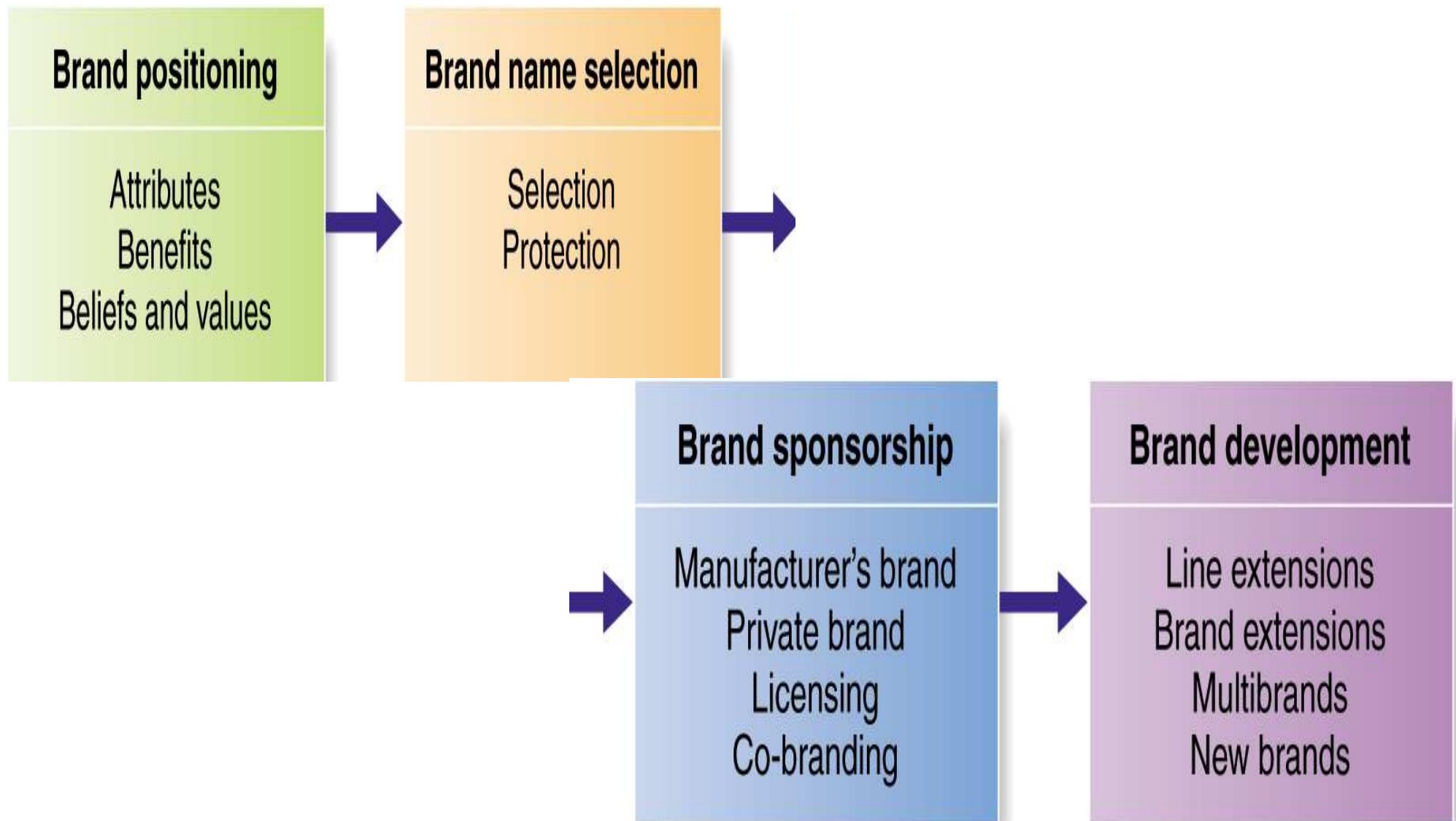
Brand Equity

- 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

Brand Equity



Major Brand Strategy Decisions



Brand Positioning

- Can position brands at any of three levels.

Product Attributes

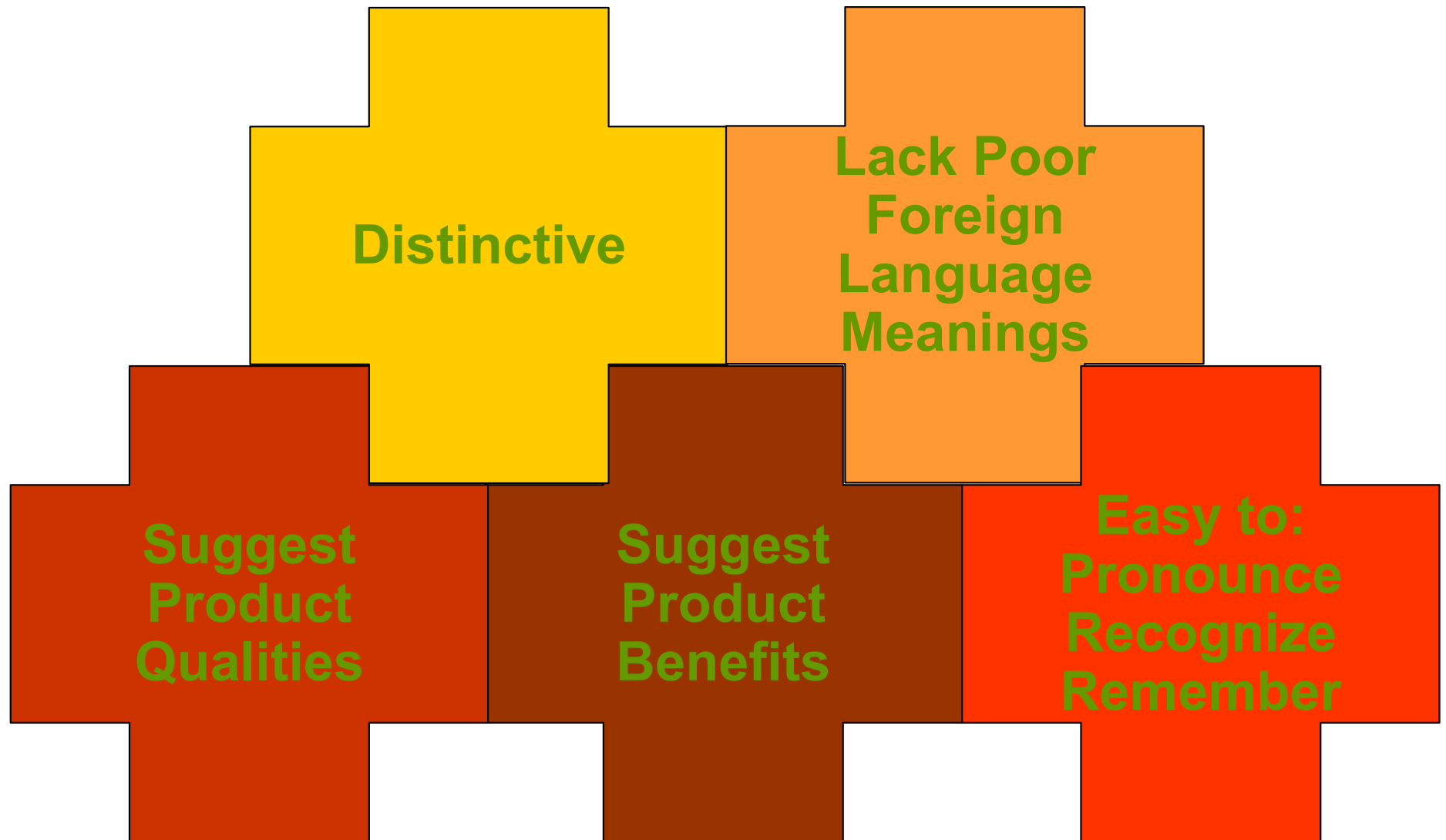
Product Benefits

Beliefs and Values

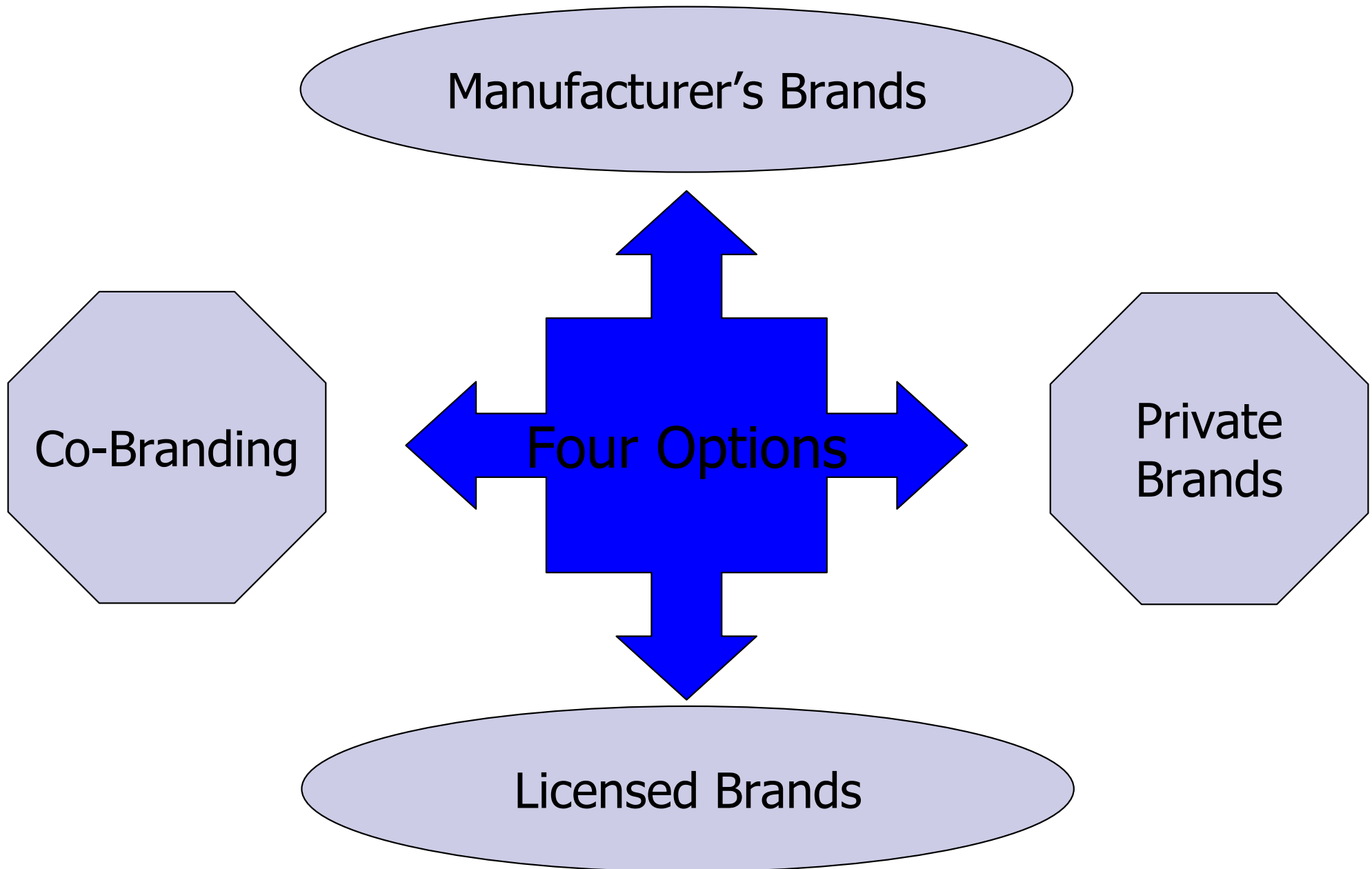
Brand Name Selection

- Desirable qualities for a brand name include:
 1. It should suggest product's benefits and qualities
 2. It should be easy to pronounce, recognize, and remember
 3. It should be distinctive
 4. It should be extendable
 5. It should translate easily into foreign languages
 6. It should be capable of registration and legal protection

Good Brand Names:



Brand Sponsorship



Brand Development

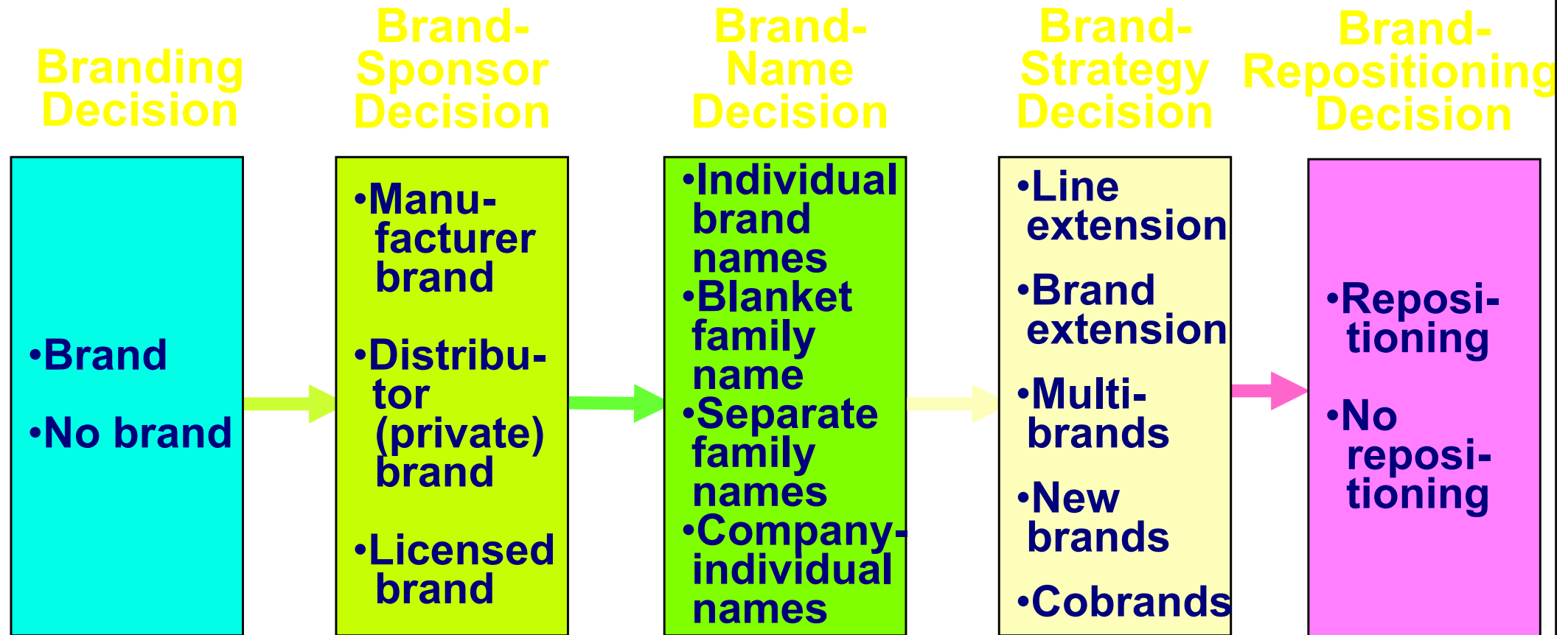
- *Line Extension*: introduction of additional items in a given product category under the same brand name (e.g., new flavors, forms, colors, ingredients, or package sizes).
- *Brand Extension*: using a successful brand name to launch a new or modified product in a new category.



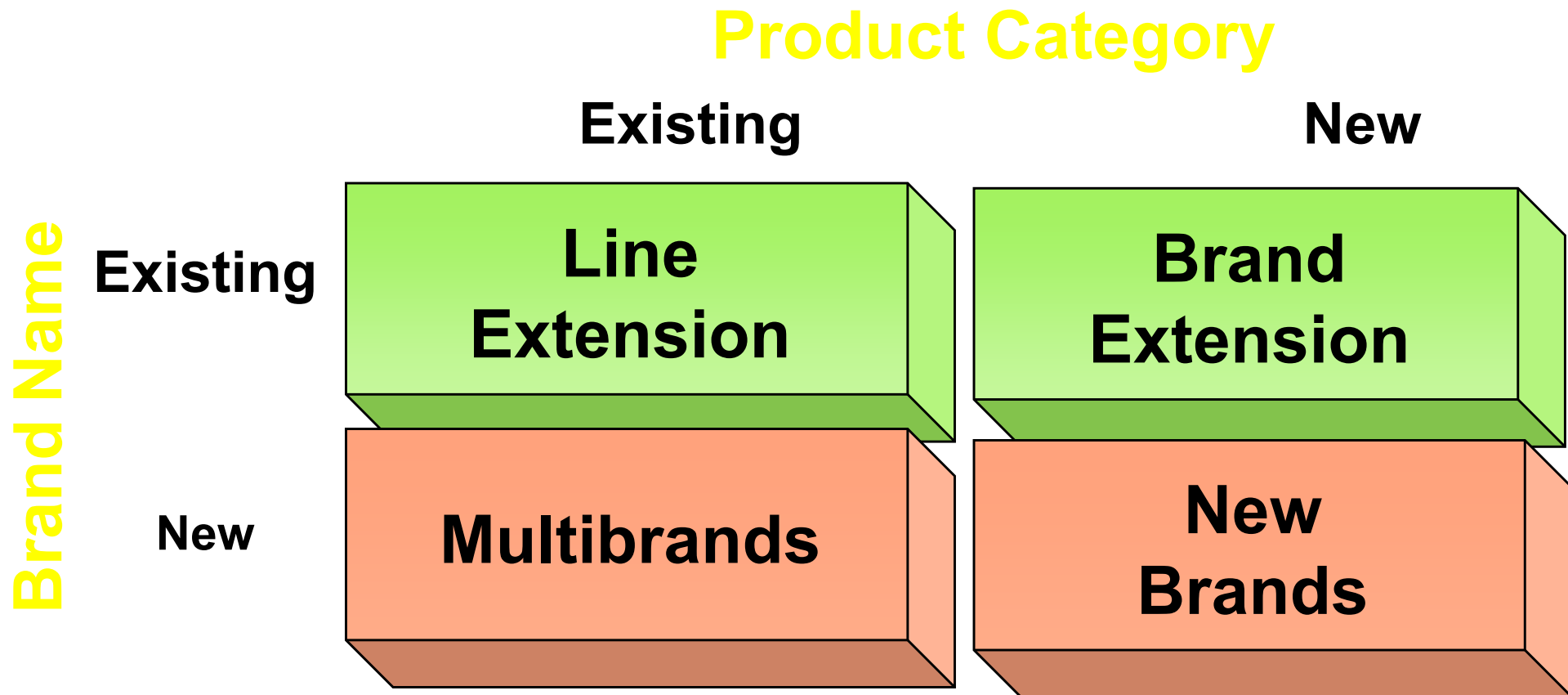
Brand Development

- *Multibranding*: offers a way to establish different features and appeal to different buying motives.
- *New Brands*: developed based on belief that the power of its existing brand is waning and a new brand name is needed. Also used for products in new product category.

An Overview of Branding Decisions



Brand Strategies



Packaging

- Designing and producing the container or wrapper for a product.
- Developing a good package:
 - Packaging concept
 - Package elements
 - Product safety
 - Environmental concerns

Why Package Crucial as a Marketing Tool

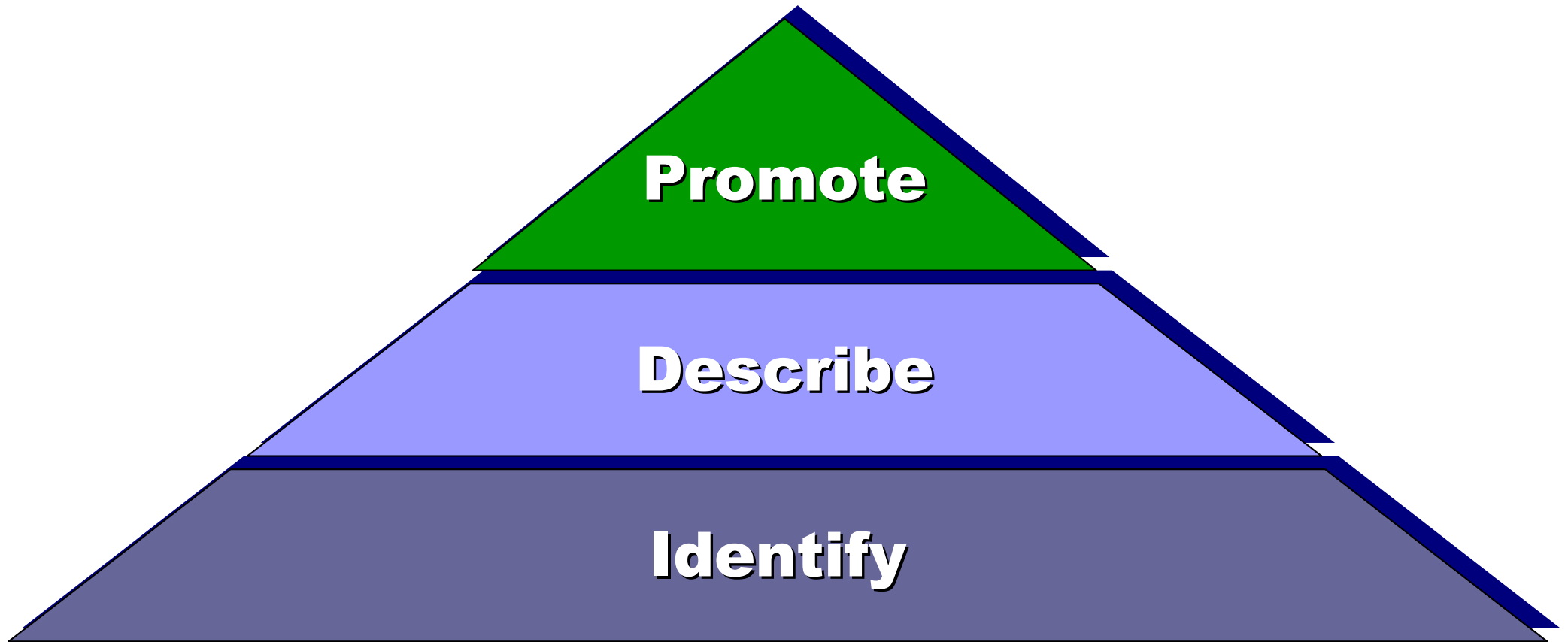
- Self-service
- Consumer affluence
- Company & brand image
- Opportunity for innovation



Labeling

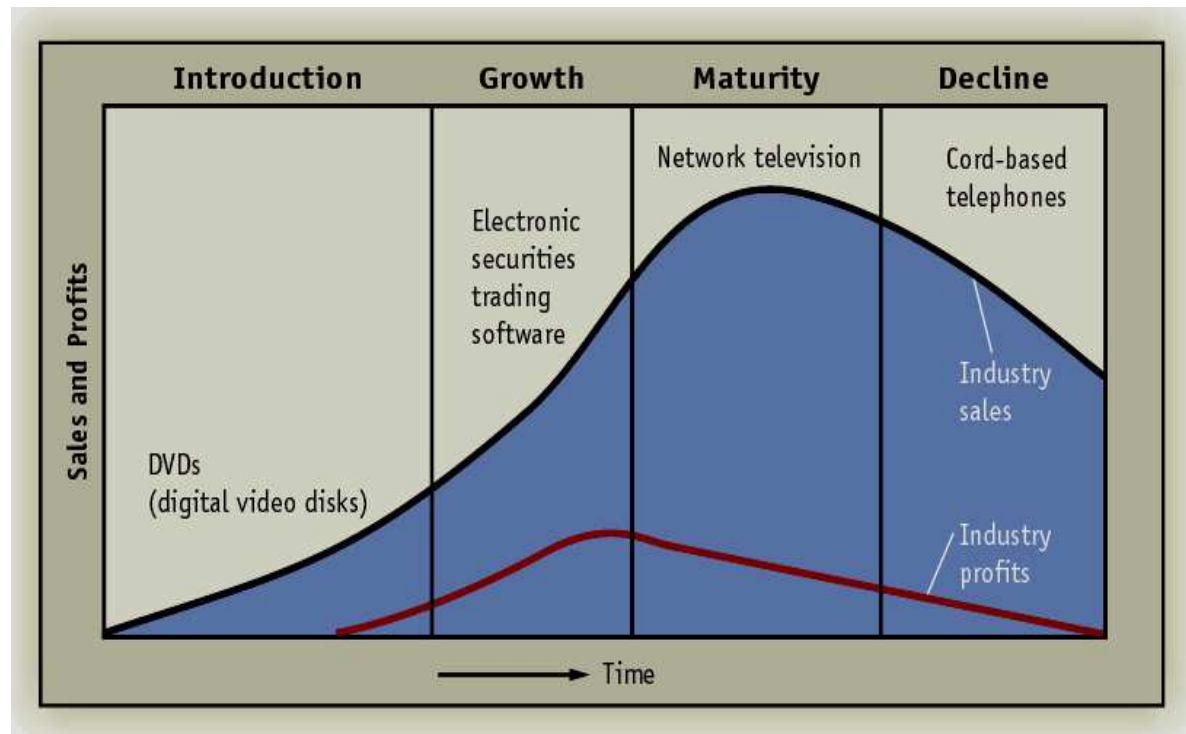
- Printed information appearing on or with the package.
- Performs several functions:
 - *Identifies* product or brand
 - *Describes* several things about the product
 - *Promotes* the product through attractive graphics

Labels



THE PRODUCT LIFE CYCLE

- **Product life cycle:** progression of products through introduction, growth, maturity, and decline stages



The Product Life Cycle

Introduction

- Firm works to stimulate demand for the new market entry
- Promotional campaigns stress features and attempts to generate awareness, interest, and trial
- Additional promotions to intermediaries attempt to induce them to carry the product
- Although prices are typically high, financial losses are common due to heavy promotional and research-and-development costs

The Product Life Cycle

Introduction

Growth

- Sales volume rises rapidly
- Firm usually begins to realize substantial profits
- Success attracts competitors
- Firm may need to make improvements to the product
- Additional spending on promotion and distribution may be necessary

The Product Life Cycle

Introduction

Growth

Maturity

- Industry sales continue to grow, but eventually reach a plateau
- Many competitors have entered the market, sales and profits begin to decline
- Differences between competing products diminish
- Available supplies exceed industry demand for the first time
- Must manage competition and look to extend PLC

The Product Life Cycle

Introduction

Growth

Maturity

Decline

- Innovations or shifts in consumer preferences cause an absolute decline in industry sales
- Industry profits continue to fall -- sometimes become losses
- Firms cut prices in a bid for the dwindling market
- Manufacturers gradually drop the declining items from their product lines

Product Mix Decisions

- During the growth stage, a firm may lengthen or widen its product mix
- In maturity, the Company may decide to add variations that will attract new users
- In decline, a product may be pruned or altered, and new product may extend the product life cycle
- ***Line extension:*** introduction of a new product that is closely related to other products in the firm's existing line

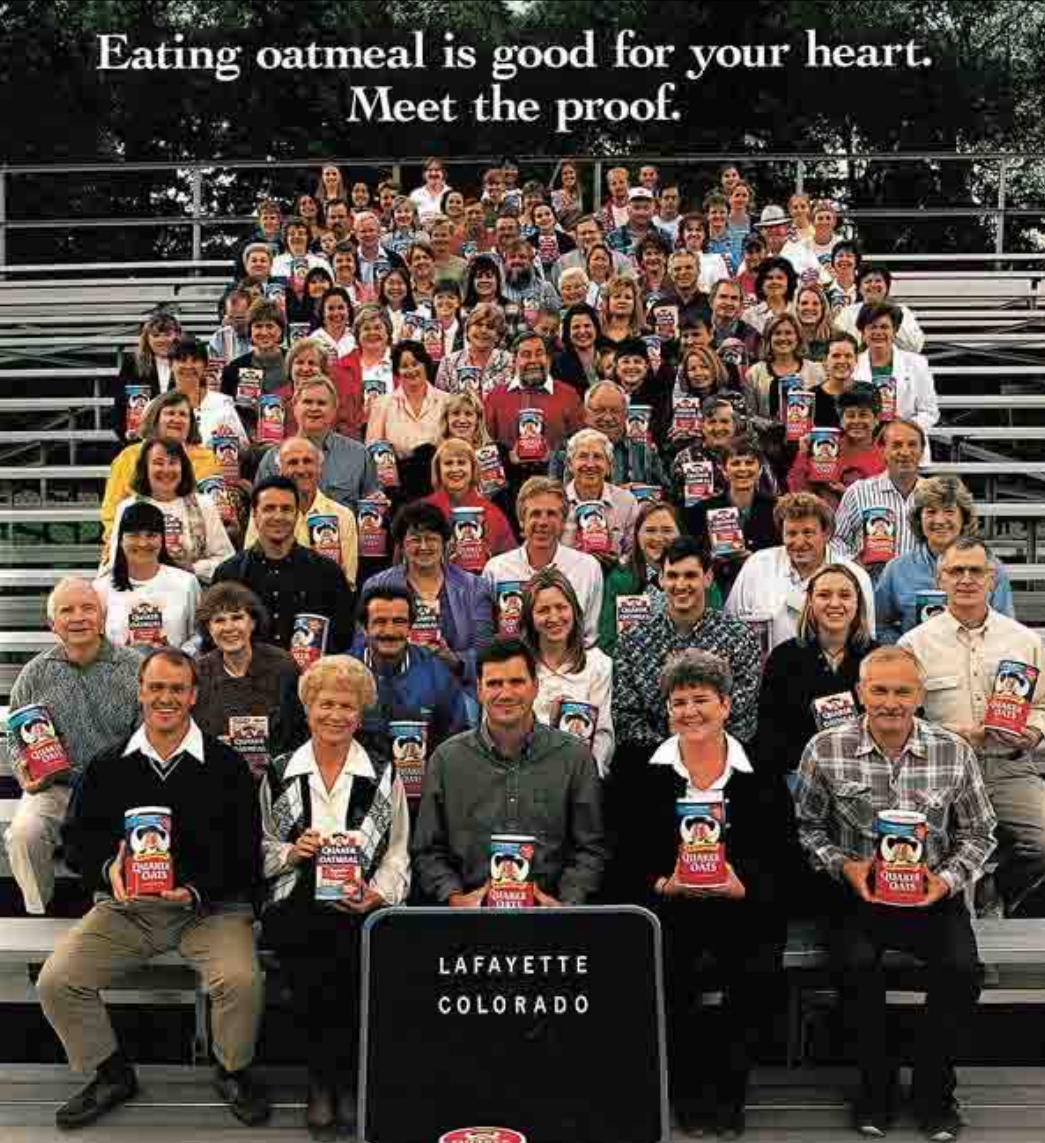


STRATEGIC IMPLICATIONS OF THE PRODUCT LIFE CYCLE CONCEPT

- Marketers usually try to expand each stage of the life cycle for their products as long as possible
- Marketers seek to extend product life cycles through strategies to:
 -

Figure 11.14: A New Application for a Mature Product

Eating oatmeal is good for your heart.
Meet the proof.



100 people in Lafayette, Colorado ate Quaker® Oatmeal for thirty days. 98 of them lowered their cholesterol. That's a lot of healthy hearts, and that means a lot of happy people. With results like this, you could say that Quaker Oatmeal has a special place in their hearts. For more information on how Quaker Oatmeal may help lower your cholesterol, call 1-800-735-3555.

Quaker Oatmeal, as part of a low-fat diet, may reduce the risk of heart disease.

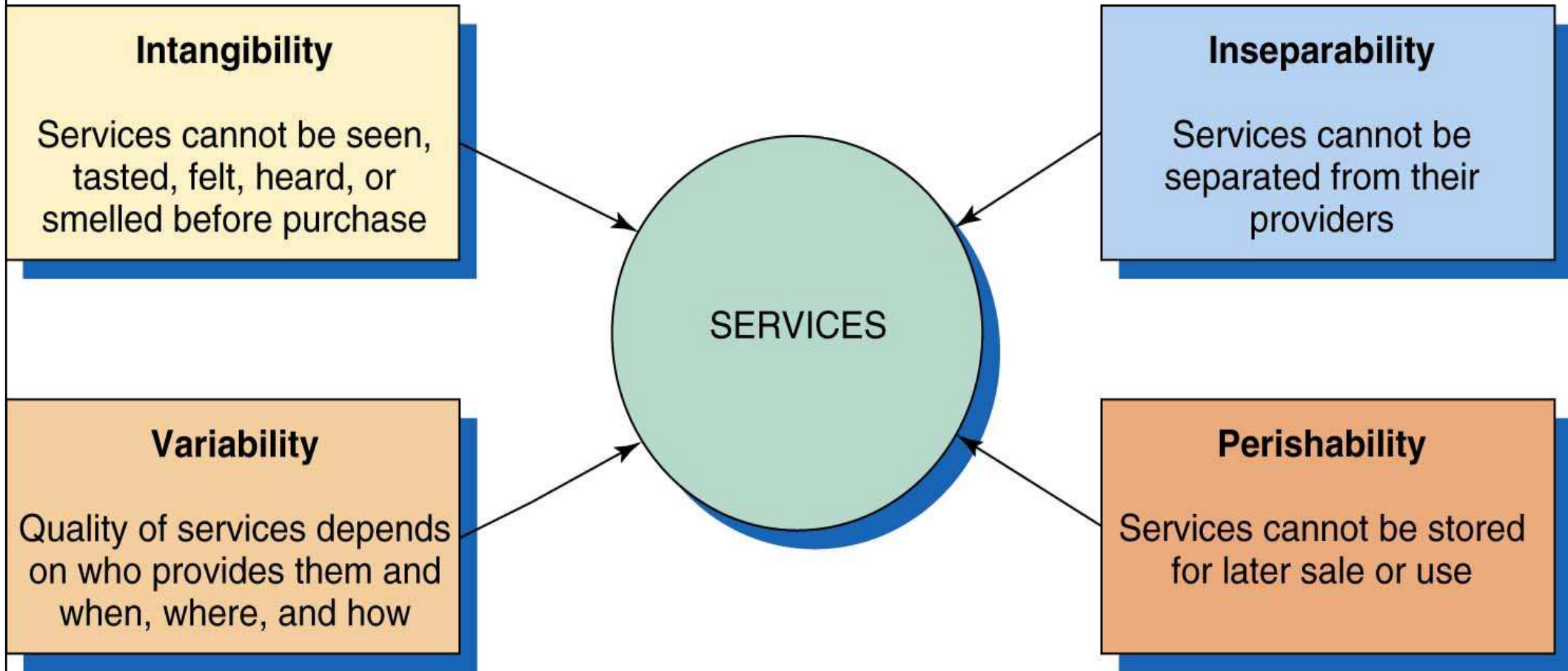
Warm your heart and soul.

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Figure 11.1: Goods-Services Continuum



Nature and Characteristics of a Service



Major Service Marketing Tasks

- Managing Service Differentiation:
 - Develop a differentiated offer, delivery, and image.
- Managing Service Quality:
 - Be customer obsessed, set high service quality standards, have good service recovery, empower front-line employees.
- Managing Service Productivity:
 - Train current employees or hire new ones, increase quantity and sacrifice quality, harness technology.

The Service Package

- **Supporting Facility:** *The physical resources that must be in place before a service can be sold. Examples are golf course, ski lift, hospital, airplane.*
- **Facilitating Goods:** *The material consumed by the buyer or items provided by the consumer. Examples are food items, legal documents, golf clubs, medical history.*
- **Information:** *Operations data or information that is provided by the customer to enable efficient and customized service. Examples are patient medical records, seats available on a flight, customer preferences, location of customer to dispatch a taxi.*
- **Explicit Services:** *Benefits readily observable by the senses. The essential or intrinsic features. Examples are quality of meal, attitude of the waiter, on-time departure.*
- **Implicit Services:** *Psychological benefits or extrinsic features which the consumer may sense only vaguely. Examples are privacy of loan office, security of a well lighted parking lot.*
- <http://www.smartwings.com/home.php?lang=en>