What is a Product?

- A Product is 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
  - Combinations of the above

- A Service consist of activities, benefits, or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything.
  - Banking, Hotels, Tax Preparation, Home Repair Services

Customer Value Hierarchy

- **Core benefit**
  - Drill: “holes”;
  - Hotels – “rest & sleep”

- **Basic product**
  - Bed, closet, …

- **Expected product**
  - Clean bed; fresh towels,…

- **Augmented product**
  - “Sizzle, not the steak”

- **Potential product**
  - All possible augmentations
  - MyCereal.com

Five Product Levels

Product Mix Decisions

- **Width** - number of different product lines
- **Length** - total number of items in product lines
- **Depth** - number of versions of each product
**Product Line Decisions**

- **Stretching:** Lengthen beyond current range
- **Filling:** Lengthen within current range
- **Two-Way:**
  - **Downward**
  - **Upward**

**Product Line Length**
Number of Items in the Product Line

**Individual Product Decisions**

**Product Attributes**
- Branding
- Packaging
- Labeling
- Product Support Services

**Product Attributes**

- Vector Model
- Ideal Point Model

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**Product-Mix Width and Product-Line Length for Proctor&Gamble Products**

<table>
<thead>
<tr>
<th>Product Line Length</th>
<th>Product-Mix Width</th>
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<tbody>
<tr>
<td>Stretching</td>
<td></td>
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<td>Lengthen beyond</td>
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</tbody>
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**Product Attributes**

- **Product Quality**
  - Ability of a Product to Perform Its Functions; Includes Level & Consistency
- **Product Features**
  - Help to Differentiate the Product from Those of the Competition
- **Product Style & Design**
  - Process of Designing a Product’s Style & Function

**Example - Language of the Customer:**

- **Attributes:**
  - Suspension
  - Turning Radius
  - Engine Capacity
  - Wheelbase
  - Headroom
  - Miles / Gallon
  - Maintenance

- **Benefits:**
  - Sportiness
  - Roominess
  - Economy
  - Quality

- **Perceptions:**
Advantages of Branding

- Branding gives the seller several advantages:
  - Brand name makes it easier for the seller to process orders and track down problems
  - Seller’s brand name and trademark provide legal protection of unique product features
  - Branding gives the seller the opportunity to attract a loyal and profitable set of customers.
  - Branding helps the seller segment markets.
  - Strong brands help build corporate image, making it easier to launch new brands and gain acceptance by distributors and consumers.

Brand Strategy

- Line Extensions: Existing brand names extended to new forms, sizes, and flavors of an existing product category.
- Brand Extensions: Existing brand names extended to new or modified product categories.
- Multibrands: New brand names introduced in the same product category.

Brand Equity

- The Positive Differential Effect that knowing the brand name has on Customer Response.
- Competitive advantages of high brand equity:
  - The company will have more leverage in bargaining with distributors and retailers because customers expect them to carry the brand.
  - The company can charge a higher price than its competitors because the brand has higher perceived quality.
  - The company can more easily launch extensions because the brand name carries high credibility.
  - The brand offers some defense against price competition.
Packaging

Activity of designing and producing the container or wrapper for a product.
Packaging used to just contain and protect the product.
Packing now has promotional value and marketers should:
- Establish a packaging concept,
- Develop specific elements of the package,
- Tie together elements to support the positioning and marketing strategy.

Nature and Characteristic of a Service

<table>
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<tr>
<th>Intangibility</th>
<th>Can’t be seen, tasted, felt, heard, or smelled before purchase.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inseparability</td>
<td>Can’t be separated from service providers.</td>
</tr>
<tr>
<td>Variability</td>
<td>Quality depends on who provides them and when, where and how.</td>
</tr>
<tr>
<td>Perishability</td>
<td>Can’t be stored for later sale or use.</td>
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</tbody>
</table>

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.

Review of Concept Connections

- Define product and the major classifications of products and services.
- Describe the roles of product and service branding, packaging, labeling, and product support services.
- Explain the decisions companies make when developing product lines and mixes.
- Identify the four characteristics that affect the marketing of a service.