Fundamentals of Marketing

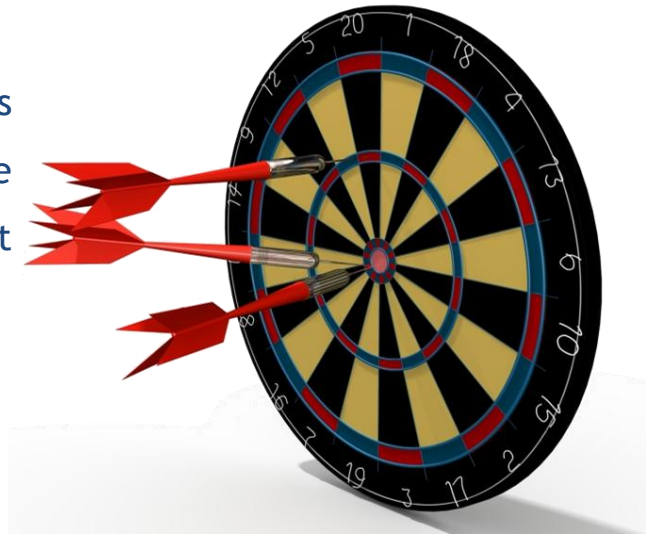
Instructor's Handouts

Chapter 6

Products, Services and Brand Management

Chapter Objetives

- Defining the concept of product, its types and the attributes which make it up.
- Explaining what a brand portfolio is, as well as their life-cycle and the development of new products.
- Going deeper into service management and its marketing strategies.
- Knowing the concept of brand and the importance of its competitive advantage, in addition to going deeper into the types of brand and their management, as well as the present day importance of the packaging and labelling.



6.1 The Concept and Type of Products

- A **product** is a set of physical features (tangible) and psychological (intangible) that an individual perceives and which supposedly will meet his desires and needs.

- We must take two different approaches :

  - The concept focused on the **product itself.**

  - The concept focused on the **consumer's needs.**

Charles Revson, founder of the Revlon cosmetics company:

"In the factory we make cosmetics, in the store we sell hope"

6.1 The Concept and Type of Products

- Consumer goods may be differentiated according to their **duration**:
  - Non-durable consumer goods.
  - Durable consumer goods.
- Products may also be differentiated by their **frequency of purchase:**
  - Convenience goods.
  - Shopping buy products.
  - Speciality goods.
- **Industrial** products.
- **Services.**

6.2 Attributes which make up the product

- **Kotler:**
  - Attributes linked to formal aspects.
  - Added aspects.
- **Levitt:**
  - Generic product.
  - Expected product
  - Augmented product.
  - Potential product.

PRODUCT TANGIBILITY SCALE:

- Food/hygiene/cleansers
- Furniture
- Home Appliances
- Automobiles
- Repairs
- Restaurants
- Hotels
- Transport/communications/information
- Financial services
- Personal services

Tangible ↓ Intangible

6.2 Attributes which make up the product

- Factors that identify a product:
  - **Brand**:
    - Serves to identify the production differentiate it from the rest.
    - It is made up of:
      - The **name**, that it what is said, which may or may not be the same as the name of the company.
      - The **logo**, is the graphic design that appears with symbols, designs, lettering and distinctive colours.
  - The **model:** which refers to the set of different products or variations of a basic product, within a specific brand.

6.3 The brand porfolio of a company

- **Range of products:** makes reference to the set of articles the company provides the consumer with.

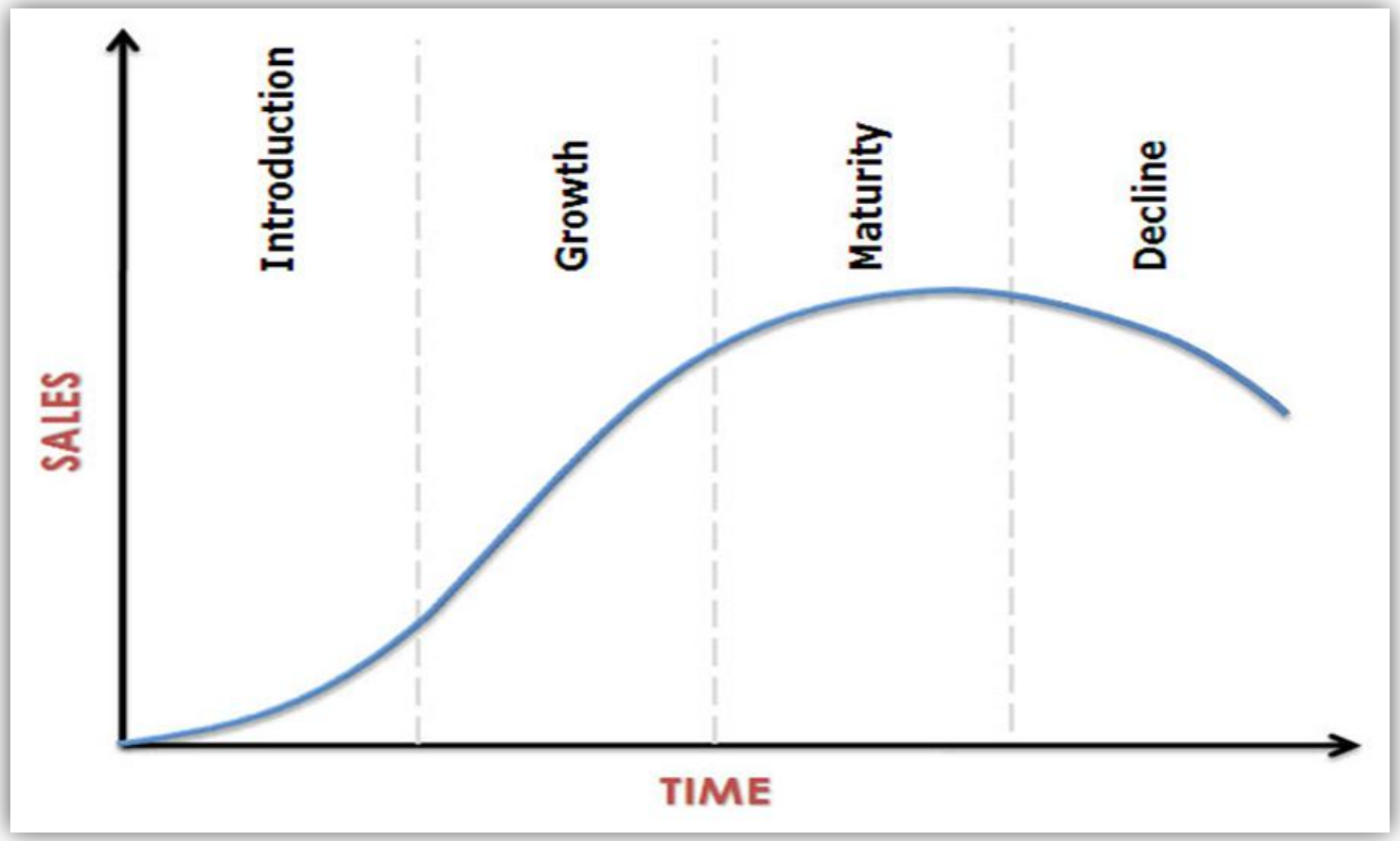
- **Line:** is the set of products that have a series of common features and are identified by the same name.

- The following **features** may be distinguished in the range:

  - Lenght
  - Depth
  - Range coherence
  - Range length

- A range may be:
  - An **extensive** range responds to specific market segment.
  - **Restricted** range, offering fewer products, efforts are more concentrated.

6.4 Product Life Cycle



6.5 Product Quality Management

- One way of **differentiating a product** is through quality, which currently has become of the essence for the success of the company.
- By providing quality one increases profits, lowers costs and has a higher market share.
- **Objective quality:** has a technical nature, it is measurable and verifiable.
- **Perceived quality:** subjective, it is the consumer's assessment and, from a marketing point of view, it is the most important.
- With the aim of guaranteeing uniform quality standards in the member countries of the European Union, **the International Standardization Office (ISO)** was created.

6.6 New product development

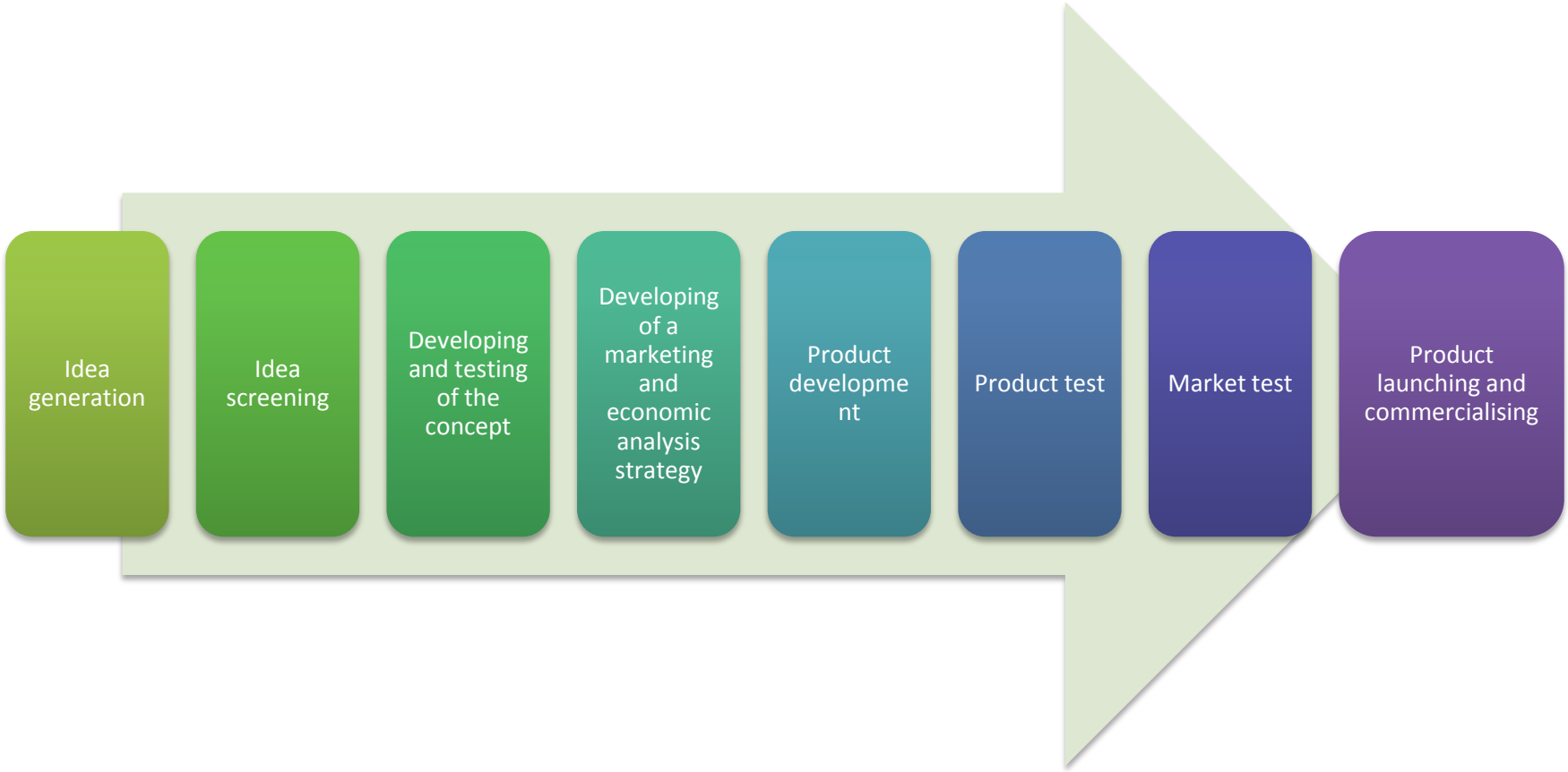
- The concept of new product must be based on the buyer's point of view, that is, that he/she perceives it this way. For the new product to be accepted by the market it must present a significant difference with the regards to the existing ones.

FACTORS OF SUCCESS OF A NEW PRODUCT

•Understanding the needs of the consumer.
•Following market tendencies.
•Clearly defining the product concept.
•Supporting it on market segmentation.
•Developing alliances.
•Investing in developing and protecting the brand.
•Preparing adequate communication programs for the launching of the new product.
•Obtaining the adequate distribution.
•Evaluating the adequate timing for market entry.
•Anticipating the reaction of the competition.

6.6 New product development

- New product planning



6.7 Services Management

- Reasons applying Marketing to Services

Reasons applying Marketing to Services

1. Differentiating features of the services.
2. Economic importance of the services sector.
3. Dynamism of the services sector.
4. Increase in competition.
5. Deregulation (in some sectors).
6. More demanding and segmented demand.
7. “Industrialization” of the service.
8. Technological development.

6.7 Services Management

- **Strategy in Services Marketing**
  - Making the service tangible.
  - Identifying the service.
  - Pricing with regards to the value received.
  - Carrying out cross selling.
  - Using personal promotion means.
  - Differentiating oneself by product quality.
  - Creating a solid corporate image.
  - "Industrialization" of the service.
  - A singular service.
  - Counteract the perishable nature of services.

Aspects to take care in service quality
Strategic conception.
Commitment of higher management to quality.
Setting of high quality standards.
Fostering easy-to–use methods in self-services (gas stations, ATM's…)
Result control systems.
Systems to satisfy customer complaints.
Fostering customer and employee satisfaction.

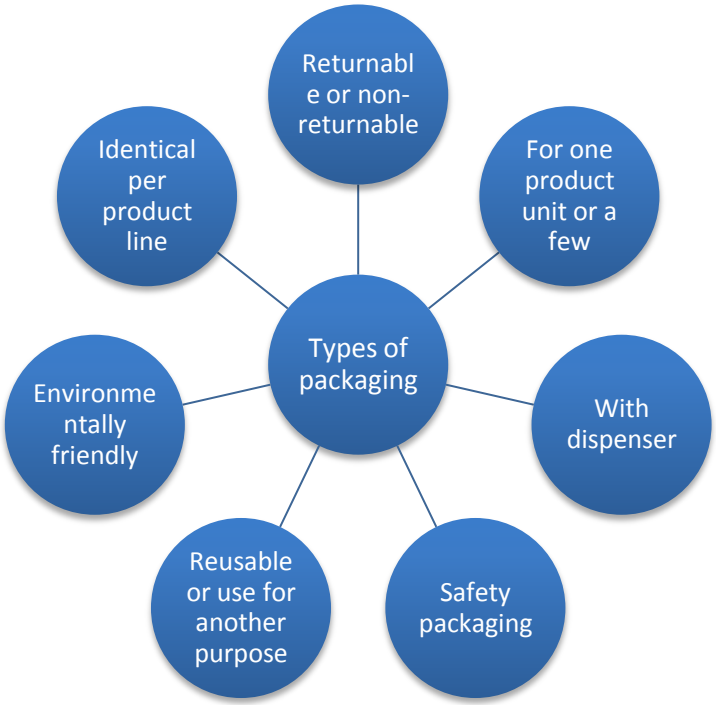
6.8 Brand Management

- Kotler: a brand is a name, term, sign, symbol, or design, or a combination of these intended to identify the products or services of one seller or group of sellers and to differentiate them from those of the competition

- However, there is a tendency to leave the psychological component aside.

6.8 Brand Management

- **Types of brands:**
  - According to the features of the name
  - According to the brand component parts
  - According to the coverage or reach



- **Brand management:**
  - Single brand.
  - Individual or multiple brands.
  - Second brands.
  - Private labels.

- The **packaging** and **label** are two essential elements to foster the brand as well as its perceived image.