

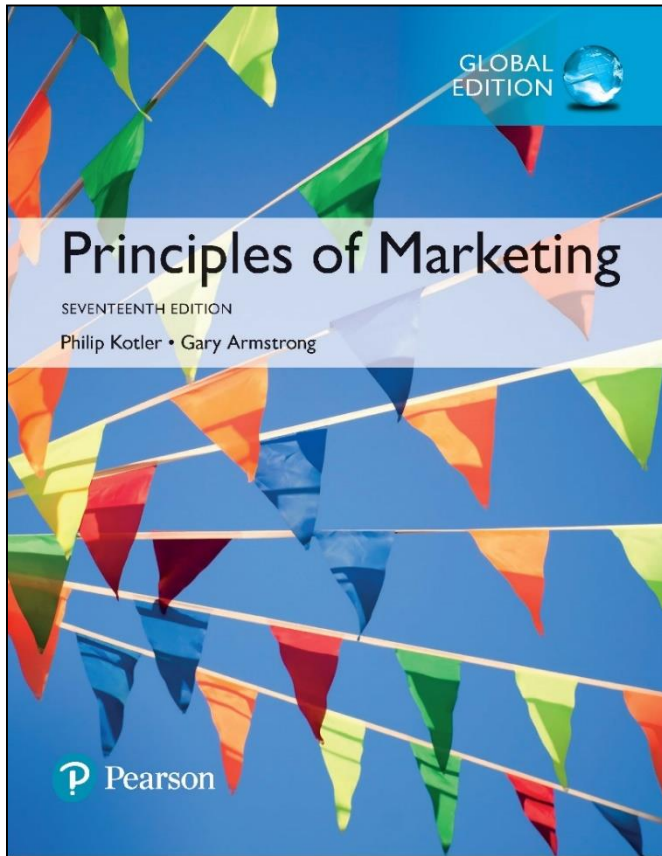


MK 201 Principles of Marketing Products and Service Strategy I

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October 6, 2020

Principles of Marketing

Seventeenth Edition



Chapter 8

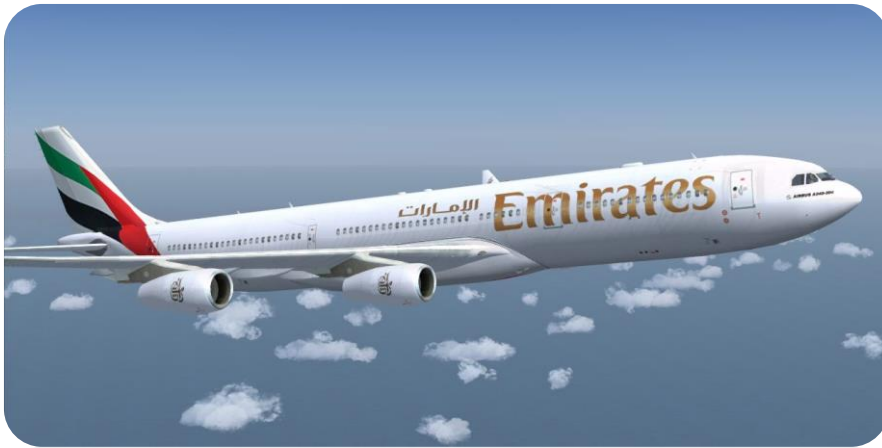
Products and Service Strategy I

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Objective Outline

- **Objective 1:** Define product and major classifications of products and services.
- **Objective 2:** Describe the decisions companies make regarding their individual products and services, product lines and product mixes.
- **Objective 3:** Identify the four characteristics that affect the marketing of services and additional marketing considerations that services require.

First Stop: Emirates Airlines



Emirates Airlines' outstanding success results from much more than just good services. It's based on a deep-down connection between iconic Emirates brand and its customers.

ESPN



ESPN is more than just a collection of cable networks, online and mobile sites, and publications. The ESPN brand is synonymous with sports entertainment, inexorably linked with consumers' sports memories, realities, and anticipations.

© M4OS Photos/Alamy

What is a product?

- **Product:** Anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need.
- **Service:** An activity benefit, or satisfaction offered for sale that is essentially intangible and does not result in ownership or anything.

Experiences



Creating Customer Experiences: Olive Garden sells more than just Italian food. It serves up an idealized Italian family meal experience. “When you’re here, you’re family.”

Experiences



Experiences – Verizon then and now...



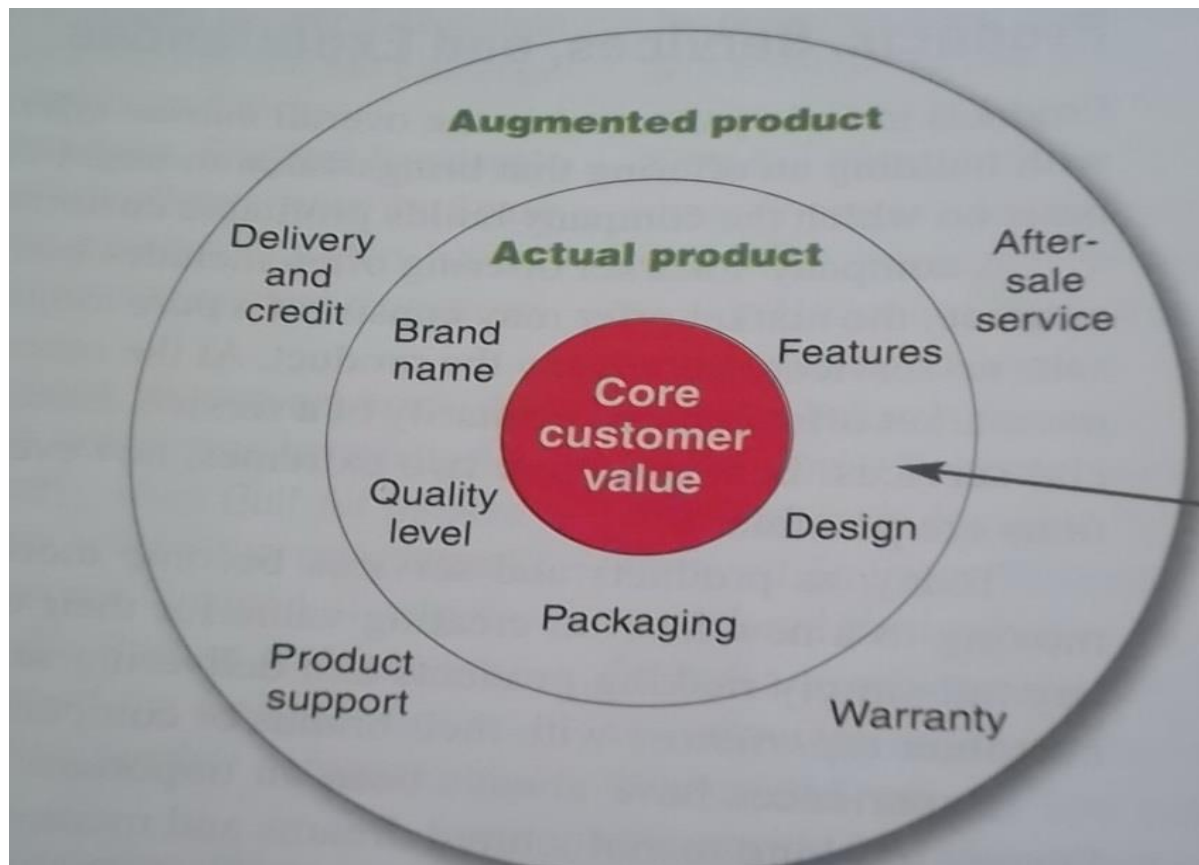
● **Creating customer experiences:** Verizon's redesigned Smart Stores don't just sell phones. They create lifestyle experiences—a kind of "rec room for geeks," in which customers can hang around and experience the wonders of mobile technology.

AP Images for Verizon Wireless



Level of Products and Services

- Figure 8.1



Levels of Product and Services



Core, actual, and augmented product: People who buy an iPad are buying much more than a tablet computer. They are buying entertainment, self-expression, productivity and connectivity- a mobile and personal window to the world.

Product and Service Classifications

Table 8.1

Type of Consumer Product				
Marketing Consideration	Convenience	Shopping	Specialty	Unsought
Consumer buying Behavior	Frequent purchase, little planning, little comparison or shopping effort, low customer involvement	Less frequent Purchase, much planning and shopping effort, comparison of brands on price, quality, style	Strong brand Preference and loyalty, special purchase effort, little comparison of brands, low price sensitivity	Little product awareness, knowledge(or, if aware, little or even negative interest)
Price	Low Price	Higher Price	High Price	values
Distribution	Widespread distribution , convenient locations	Selective distribution in fewer outlets	Exclusive distribution in only one or a few outlets per market area	Values
Promotion	Mass promotion by the producer	Advertising and personal selling by both producer and resellers	More carefully targeted promotion by both producer and resellers	Aggressive advertising and personal selling by both producer and resellers
Examples	Toothpaste, magazines, laundry detergent	TV, furniture, clothing	Luxury goods, such as Rolex watches or fine crystal	Life insurance, Red Cross blood donations

Organizations, Persons, Places and Ideas

- Organization marketing: consists of activities undertaken to create, maintain and change the attitudes and behavior of target consumers toward and organization.



Organizational Marketing:
IBM's Smarter Planet
campaign markets IBM as a
company that helps improve
the world's IQ. This ad tells
how IBM technologies are
helping to create safer food
supply chains.

Organizations, Persons, Places and Ideas



- Organization marketing: Kaiser Permanente's "Thrive" campaign markets the organization as a total health advocate that helps its members get healthy, stay healthy, and thrive.

©2007 Kaiser Permanente

Product and Service Decisions

Individual Product and Service Decisions

- Figure 8.2 Individual Product Decisions



The focus of all these decisions is to create core customer value!

Product and Service Decisions

- **Product Quality:** The characteristics of a product or service that bear on its ability to satisfy stated or implied customer needs.
- Total Quality management (TQM) is an approach in which all of the company's people are involved in constantly improving the quality of products, service and business processes.



Product and Service Decisions

Total Quality management (TQM):



1. Performance quality

- Example: Rolls-Royce provides higher performance quality than Chevrolet->It has smoother rides, provides more luxury and “creature comforts” and lasts longer.

2. Conformance quality

- Beyond quality level, high quality also can mean high levels of quality consistency.

Product and Service Decisions

➤ **Product Features:** Differentiating?



Product Name & Basic Description

Signature Twill Shirts

You'll love the comfort and versatility of our men's twill shirts.

Other Views



Additional Views or Video

Product Image with Zoom

Product Color or Style Choices



Click Swatches to Change Color



More Product Details

Details Reviews Q & A Stories Size Chart Learn More

Our very best shirts. Made of the softest, finest, most comfortable cotton twill fabric you will ever wear. Each features a dense weave of 200 threads per square inch to give the shirts an unmistakable marriage of the smoothest hand of any twill shirt out there and a substantial feel without being heavy. The shirts come out of the dryer crisp and neat and stay that way all day. Plus, they grow softer and more comfortable with each wearing. To complement such a fine material, we select the most handsome, singular, classic patterns you could ever wish to wear. Pure cotton. Washable. Imported.
Sizes: M(38-40), L(42-44), XL(46-48), XXL(50-52)

- 100% doubled, twisted, densely woven cotton as comfortable as flannel
- more substantial than Oxford cloth, as smooth a hand as silk
- colors as durable as the fabric
- requires little ironing
- washable

Rating: ★★★★★ 4.6 / 5

15 of 16 (94%) customers would recommend this product to a friend.

[READ ALL REVIEWS](#) [WRITE A REVIEW](#)

Product Navigation

[Browse Men's Travel Clothing](#) | [Next Item](#)

Buy it Now

Select an Item

\$79.00 Signature Twill Shirts - Regular (S170RE)

\$79.00 Signature Twill Shirts - Tall (S1762L)

Select Options

Personalization

Embroider this item (optional) for an additional \$8.00

Enter up to 3 letters (upper):

Specify Quantity

[Add to basket](#)

[Live Chat](#): Agent now available

[Add this item to my Gift Registry](#)

[Send this page to a friend](#)

Your Selections for This Product

Product Service Features

Product and Service Decisions

- **Product Style and Design:** sensational style, pleasing Aesthetics
- Product design: **OXO** focuses on the desired end-user experience, and then translates its pie-cutter-in the sky notions into eminently usable

OXO
GOOD GRIPS®



Product and Service Decisions

➤ Product Style and Design:



● Through award-winning, consumer-driven design, Nest Labs created the Nest Learning Thermostat, a sleek device that both looks good and is easy, fun, and effective to use. “Teach it well,” says the company, “and it can lower your heating and cooling bills up to 20 percent.”

Nest Labs

Product and Service Decisions

➤ Branding

Brand: A name, term, sign, symbol, or design, or a combination of these, that identifies the products or services of one seller or group of sellers and differentiates them from those of competitors



Product and Service Decisions

➤ Branding



© The meaning of a strong brand: The "branded" and "unbranded" Joshua Bell—The premier musician packs concert halls at an average of \$100 or more a seat but made only \$32 as a street musician at a Washington, D.C., metro station.

NBC via Getty Images (left); The Washington Post/Getty Images (right)

Product and Service Decisions

- **Packaging:** The activities of designing and producing the container and wrapper for a product.

A promotional graphic for Method Laundry Detergent. It features a white pump bottle with a blue base and a label that reads "method LAUNDRY DETERGENT FRESH AIR". The bottle is surrounded by colorful circles in blue, green, yellow, and pink. A pink circle contains a graphic of a jug and the text "50 LOADS". Below the bottle, there are three icons: a blue circle with a test tube, a pink circle with a hand holding a pump, and a green circle with a leaf. Text to the right of the bottle reads "BUH-BYE JUG. HELLO method laundry" and "introducing the world's smartest laundry detergent. made with smartclean technology, this patent-pending, plant-based formula is super powerful, ultra concentrated, and it's all yours in a revolutionary, easy-to-use pump bottle. 4 pumps is all you need." Below the icons, there are three columns of text: "SMARTER patent-pending formula seeks out dirt and stains", "EASIER no-mess, easy-dose pump", and "GREENER 95% plant-based + amazingly concentrated".

4 PUMPS = 1 LOAD

50 LOADS = 50 LOADS

method LAUNDRY DETERGENT FRESH AIR

BUH-BYE JUG. HELLO **method laundry**

introducing the world's smartest laundry detergent. made with smartclean technology, this patent-pending, plant-based formula is super powerful, ultra concentrated, and it's all yours in a revolutionary, easy-to-use pump bottle. 4 pumps is all you need.

SMARTER patent-pending formula seeks out dirt and stains

EASIER no-mess, easy-dose pump

GREENER 95% plant-based + amazingly concentrated

Packaging

From the perspective of both the firm and consumers, packaging must achieve a number of objectives:



Identify the brand



Convey descriptive and persuasive information



Facilitate product transportation and protection



Assist at-home storage



Aid product consumption

Packaging



WOMEN MEN KIDS STEPS PUMA/SS10

ABOUT PUMA FIND STORES

WE HAVE A GREAT FUTURE TOGETHER...

MEET CLEVER LITTLE BAG

This is our new shoebox. It's smarter than our old shoebox because it takes 55% less paper to make and reduces water, energy, and diesel consumption during manufacturing by over 90% a year. It also reduces our carbon emissions by 10,000 tons a year. Oh, and it's a re-usable bag. Pretty clever, huh?

BAG IN THE MAKING >>> OTHER THINGS IN THE WORKS >>>

INSIDE THE BAG >>> ABOUT >>> IMPACT >>> CLEVER TALK >>> CLEVER USE >>> PUMA + SUSTAINABILITY >>>

THE CLEVER LITTLE BAG WITH A BIG IMPACT

You'd be surprised what our Clever Little Bag will save each year...

Innovative packaging: PUMA's next-generation shoe packaging – The Clever Little Bag – is more than just friendly to the environment, it's also very friendly to consumers' sensibilities and the company's bottom line. Pretty clever, huh?

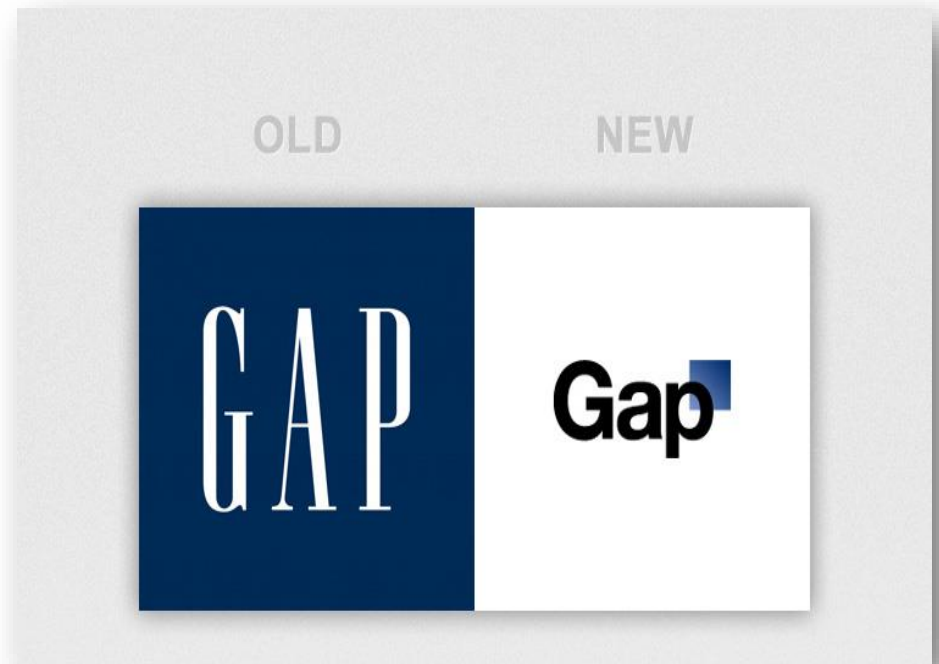
PUMA SE

...and the company's bottom line. Pretty clever, huh?
...is more than just friendly to the environment, it's also very friendly to consumers,
...PUMA's next-generation shoe packaging – The Clever Little

Product and Service Decisions

➤ Labeling

- Brand label and logos: When Gap tried to modernize its familiar old logo, customer went ballistic highlighting the powerful connection people have to the visual representations of their beloved brands.



Product and Service Decisions

➤ Labeling





Product and Service Decisions

- **Product & Support Services**
- Nordstrom thrives on stories about its after-sale service. It wants to “Take care of customers, not matter what it takes,” before, during and after the sale.



Product and Service Decisions

➤ Product & Support Services

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

● Customer service: For more than 100 years, L.L.Bean has been going the extra mile for customers. As founder Leon Leonwood Bean put it: "I do not consider a sale complete until [the] goods are worn out and the customer [is] still satisfied."

Product Line Decisions

- **Product Line:** A group of products that are closely related because they function in a similar manner, are sold to the same customer groups, are marketed through the same types of outlets, or fall within given price ranges.



Product Line Decisions

- **Product line length:** the number of items in a product line
- Two ways a company can expand product line:
 1. **Line filling:** involves adding more items within present range of the line
 2. **Line stretching:** company lengthens its product line beyond its current range



Product Line Decisions



Line stretching:

- Example: BMW->one brand, 5 model maker, power house of 3 brands, 14 series and more than 30 distinct models



Downward



Upward

Product Mix Decisions

- **Product mix(or product portfolio):** The set of all product lines and items that a particular seller offers for sale.



The product mix:
Campbell Soup Company
has nicely contained
product line consistent
with its mission of
“nourishing people’s lives
everywhere, every day.”

Product Mix Decisions



PRODUCT LINE

A GROUP OF CLOSELY RELATED PRODUCTS

- Advertising economies
- Package Uniformity
- Standardized component
- Efficient sales and distribution
- Equivalent quality

PRODUCT MIX

INCLUDES ALL THE PRODUCTS SOLD BY THE COMPANY

- Nike sells a wide variety of items under one brand.

**PRODUCT MIX WIDTH
NUMBER OF PRODUCT LINES A COMPANY OFFERS**

- Soups
- Sauces
- Frozen
- Beverages (V8)

PRODUCT LINE DEPTH

NUMBER OF PRODUCT ITEMS IN A PRODUCT LINE

- Mushroom soup
- Cream of chicken
- Vegetable soup
- Tomato Soup
- Minestrone

Product Mix Decisions



● **Product line stretching and filling:** Samsung's bulging Galaxy mobile devices line now offers a size for any need or preference, including smartphones, "phablets," tablets, and even a wristwatch-like wearable smartphone, the Galaxy Gear.

© Oleksiy Maksymenko Photography/Alamy

Product Mix Decisions

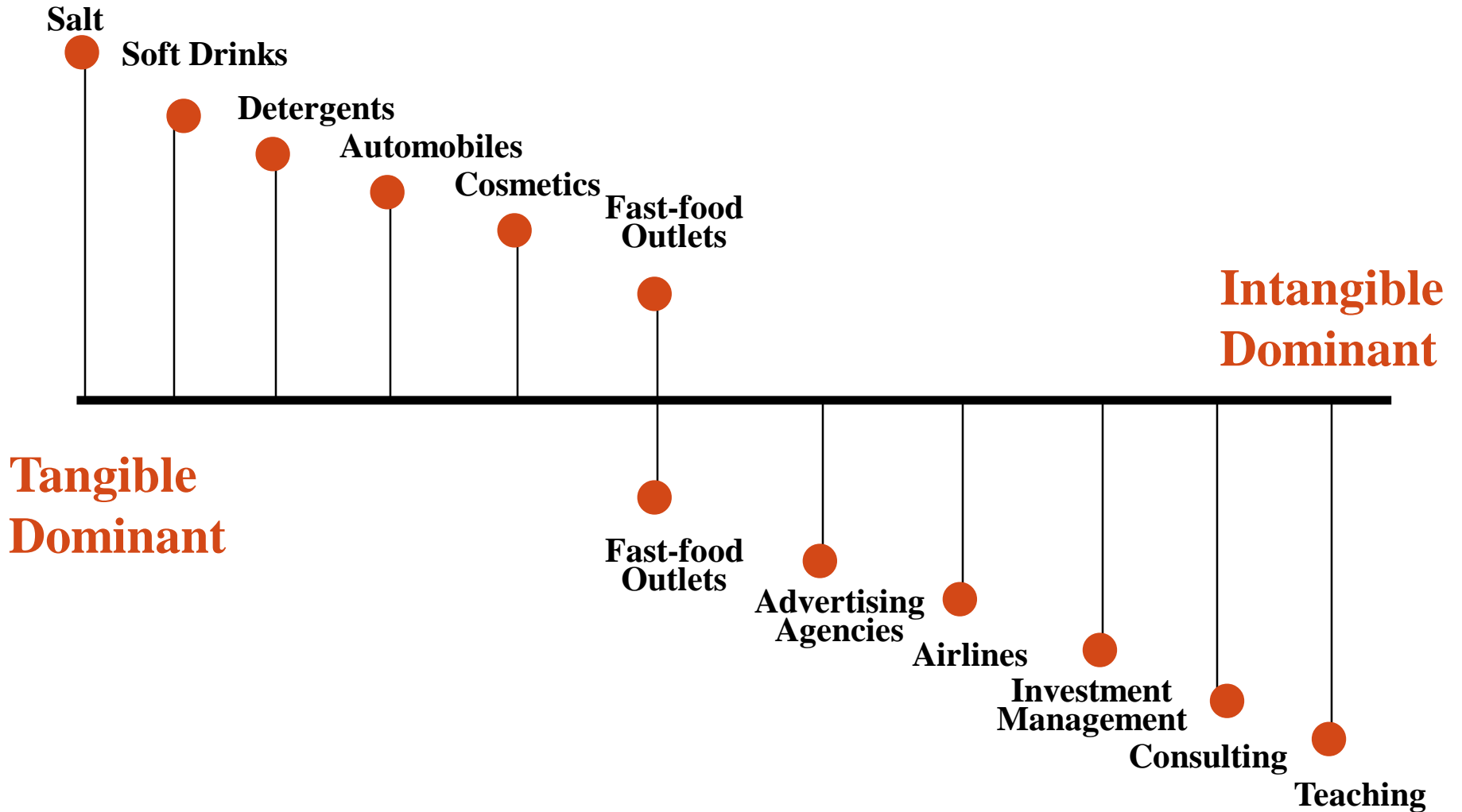


● The product mix: The Clorox Company has a nicely contained product mix consistent with its mission to “make everyday life better every day.”

Services Marketing

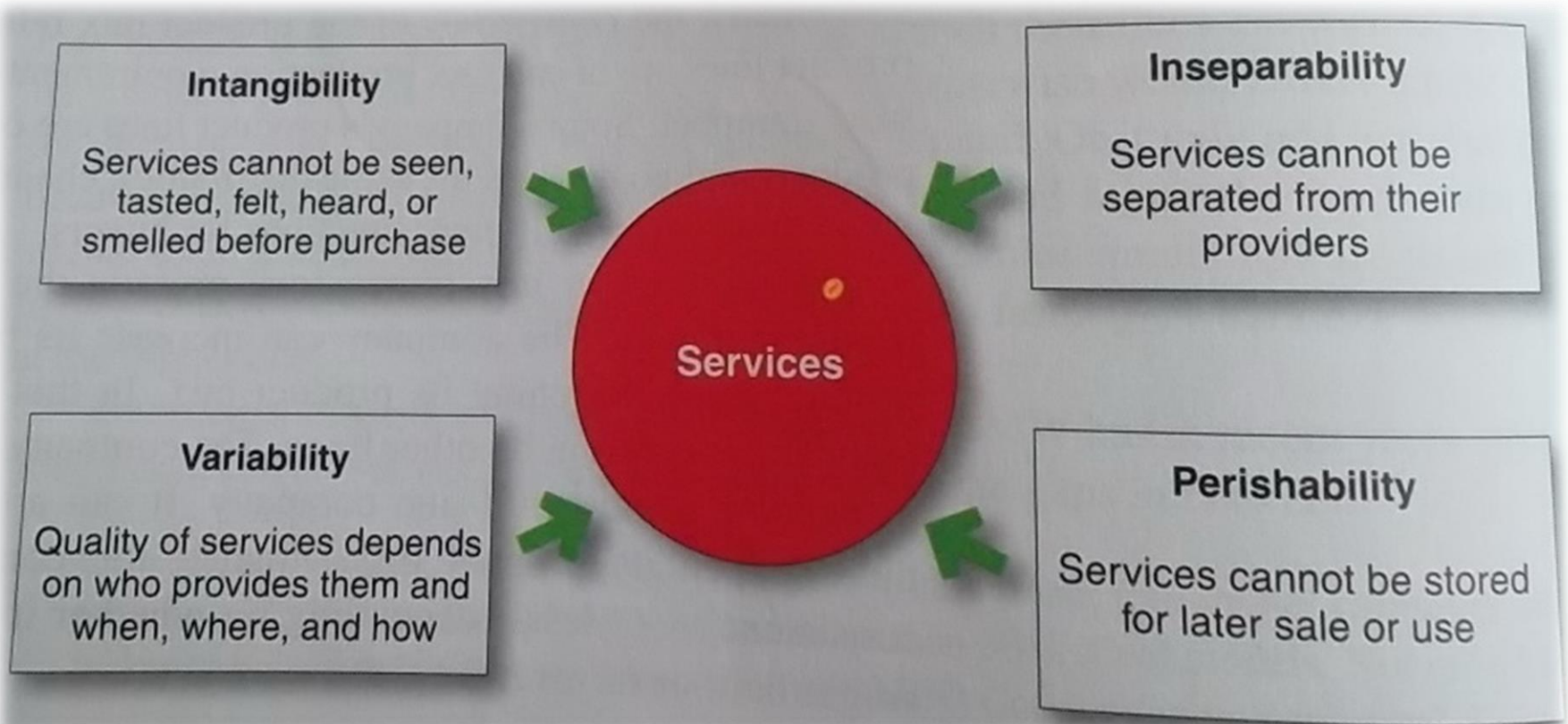


Tangibility Spectrum



Services Marketing

- Figure 8.3 Four Service Characteristics



Services Marketing



Mayo Clinic Blogs

News

- **Mayo Clinic News Blog** — See and hear video and audio excerpts featuring Mayo Clinic physicians and researchers providing context for stories about their research and other health and medical news.

Patients

- **Sharing Mayo Clinic** — A virtual place for the Mayo Clinic

Comment Policy

We encourage your comments on Mayo's various blogs, and hope you will join the discussions. Learn more about our [comment policy](#).

By providing customers with organized honest evidence of its capabilities, the Mayo Clinic has built one of the most powerful brands in health care. Its Sharing Mayo Clinic blog lets you hear directly from those who have been to the clinic or who work there.

Services Marketing

The Service Profit Chain: The Chain that links service from profits with employee and customer satisfaction.

- **Internal Service quality:** superior employee selection and training, a quality work environment, and strong support for those dealing with customers, which results in...
- **Satisfied and productive service employees:** more satisfied, loyal, and hard working employees, which results in...
- **Greater service value:** more effective and efficient customers who remain loyal, make repeat purchases, and refer other customers which results in...
- **Satisfied and loyal customers:** satisfied customers who remain loyal, make repeat purchases and refer other customers, which results in...
- **Healthy service profits and growth:** superior service firm performance.

Services Marketing



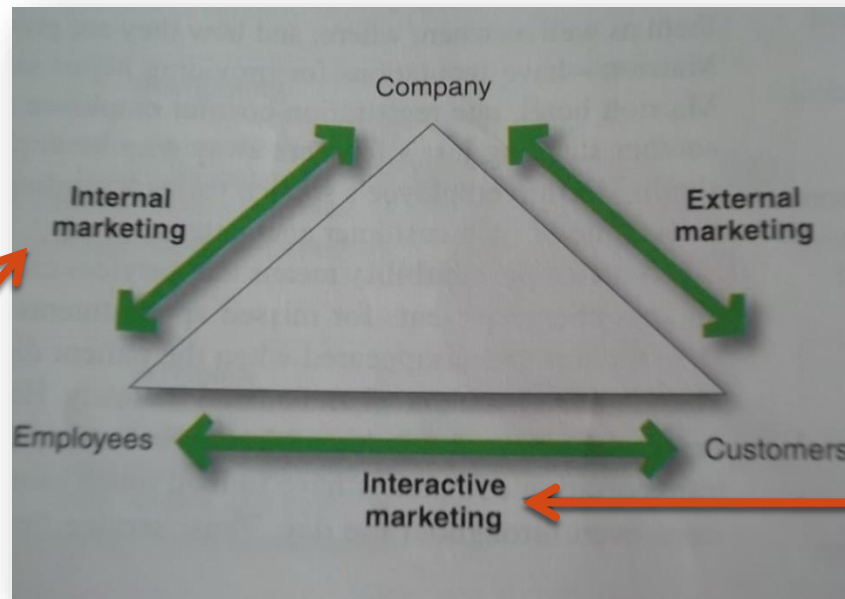
Zappos.com Taking Care of Those Who Take Care of Customers



Zappos knows that happy customers begin with happy, dedicated, and energetic employees. Zappos is "happy to help 24/7"

Services Marketing

- Figure 8.4 Three types of Service Marketing



Service firm must sell the importance of delighting customers to consumer-contact employees. At Zappos.com, the No 1 core value is “Deliver WOW through service.”

Then service firms must help employees master the art of interacting with customers. Every employee at Zappos from CEO down, goes through 4 weeks of customer-loyalty training.

Services Marketing

- **Internal Marketing:** Orienting and motivating customer contact employees and service support people to work as a team to product customer satisfaction.
- **Interactive Marketing:** Training service employees in the fine art of interacting with customers to satisfy their needs.



Services Marketing

- **How to Manage...**



Service
Differentiation



Service
Quality



Service
productivity



Service Marketing

Service Quality



Service recovery:
Southwest created a high-level group- headed by Fred Taylor,” senior manager of proactive customer service communications”- that carefully coordinates responses to major flight disruptions, turning wronged customers into more loyal ones.

Should a Company Try to Delight the Customer?

- Some management consultants urge service companies to **“delight” customers to gain a competitive advantage.**
- The delight they refer to is a profoundly positive emotional state that results from having one’s expectations exceeded to a surprising degree.
- One Author describes the type of service that results in delight as **“positively outrageous service”** which is unexpected, random, extraordinary, and disproportionately positive.



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AUSTRALIA
1971 - 2011

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THAI
Smooth as silk

THAI

Services



Service differentiation: Dick's Sporting Goods differentiates itself by Offering services that go well beyond the products it stocks

Homework:



- Group: Do the Critical Thinking Exercise
 - Presentation in next class Oct 20th: 5 mins /group

2. A product's package is often referred to as a "silent salesperson" and is the last marketing effort before consumers make a selection in the store. One model used to evaluate a product's package is the VIEW model: *Visibility*, *Information*, *Emotion*, and *Workability*. *Visibility* refers to the package's ability to stand out among competing products on the store shelf. *Information* is the type and amount of data included

on the package. Some packages try to simulate an emotional response to influence buyers. Finally, all product packages perform the basic function of protecting and dispensing the product. Select two competing brands in a product category and evaluate each brand's packaging on these dimensions. Which brand's packaging is superior? Suggest ways to improve the other brand's packaging. (AACSB: Communication; Reflective Thinking)

Homework:



- Individual Homework:

Due next class, no more than one A4 page

SPEED BUMP

LINKING THE CONCEPTS

Slow down for a minute. To get a better sense of how large and complex a company's product offering can become, investigate Procter & Gamble's product mix.

- *Using P&G's Web site (www.pg.com), its annual report, or other sources, develop a list of all the company's product lines and individual products. What surprises you about this list of products?*
- *Is P&G's product mix consistent? What overall strategy or logic appears to have guided the development of this product mix?*