

## Product, Branding and Packaging Decisions

- How To make a name for the brand with out appearing to do so
- **Product:** anything that is of value to a consumer and can be offered through a voluntary marketing exchange.

## Complexity and Types of Products

- Complexity of Products
  - o When developing or changing a product, marketers start with the core customer value to determine what their potential customers are seeking. Then they make the actual physical product and add associated services to round out the offering.
  - o **Core Customer Value:** basic problem solving benefits a customer is seeking in a product. What are the consumers looking for?
  - o **Actual Product:** the physical attributes of a product including the brand name, features/designs, quality level and packaging.
  - o **Associated services/augmented product:** the nonphysical attributes of the product, such as product warranties, financing, product support, and after sales service.
- Types of Products
  - o **Consumer Products:** products and services used by people for their personal use
    - **Specialty Products/Services:** the customer shows a strong preference and for which he/she will expend considerable effort to search for the best suppliers
      - Ex. Luxury cars, legal/medical professionals
    - **Shopping Products/Service:** consumers will spend a fair amount of time comparing alternatives.
      - Ex. apparel, fragrances and appliances.
    - **Convenience Products/Services:** consumer is not willing to spend any effort to evaluate prior to purchase.
      - Ex. Beverages, bread, Soap
    - **Unsought Products/Services:** consumers either do not normally think of buying or do not know about at all. Require a lot of marketing effort and various forms of promotion

- Require a lot of marketing effort

#### Product Mix and Product Line Decisions

- **Product Mix:** the complete set of all product and services offered by a firm
  - **Product Line:** are group of associated items that consumers tend to use together or think of as part of a group of similar products/services.
    - **Breadth:** a count of the number of different product lines offered by a firm.
      - Decrease Breadth to address changing marketing condition or meet internal strategic priorities
      - Increase Breadth to capture new evolving markets and increase sales.
    - **Depth:** the number of categories with a product line.
      - Increase depth to addresses changing consumer preferences or to preempt competitors while boosting sales.
      - Decrease Depth to realign the firms resources. Firm often must prune their product lines to eliminate unprofitable or low margin items and refocus their marketing efforts on their more profitable items.

#### Branding

- Provides a way for firm to differentiates its product offering from those of its competitors.
- Brands Facilitate Purchases
  - They signify a certain quality level and contain familiar attributes, brand help consumer make quick decisions, especially about their purchases.
- Brands Establish Loyalty
  - Over time and with continued uses consumers learn to trust certain brand and create a strong affinity to certain brands.
- Brands Protect from Competition and Price Competition
  - Because such brand are established in the market and have a more loyal customer base, neither competitive pressure on price nor retail-level competition is as threatening to the firm.

- Brands Are Assets
  - o Can be legally protected through trademarks and copyrights and thus constitute a unique form of ownership.
- Brands Affect Market Value
  - o The value of the brand, just one asset, refers to the earning potential of a brand over the next 12 months

#### Brand Equity for the Owner

- **Brand Equity:** the set of assets and liabilities linked to a brand that add to or subtract from the value provided product or service.
- 4 Aspects Used to Determine Brand Equity
  - o **Brand Awareness:** how many consumers in a market are familiar with the brand and what it stands for and have an opinion about it.
    - Created through repeated exposure of various brand elements in the firm's communication to consumers through advertising, publicity, or other various methods
  - o **Perceived Values:** the relationship between a product's or service's benefits and costs.
  - o **Brand Associations:** reflect the mental and emotion links that consumers make between brand and its key product attributes, such as logo and its color, slogan, or famous personality.
    - Often result from a firm's advertising and promotional efforts
  - o **Brand Loyalty:** when a consumer buys the same brand's product or service repeatedly over time rather than buy from multiple suppliers within the same category.
    - Marketing cost of reaching loyal customers is much lower
    - Loyal customers praise the virtues > positive word of mouth
    - Insulate a firm from competition

#### Branding Strategies

- Brand Ownership
  - o **Manufacturer/National Brands:** Brands owned and managed by the manufacturer