

what are products and services

- the essence of marketing is in developing products and services to meet buyer needs
- product
 - o a good, service, or idea consisting of a bundle of tangible and intangible attributes that satisfies consumers needs and is received in exchange for money or something else of value

a look at goods, services, and ideas

- a good has tangible attributes that consumers 5 senses can perceive
 - o a good also may have intangible attributes consisting of its delivery or warranties and embody more abstract concepts such as becoming healthier or wealthier
- goods also can be divided into nondurable goods and durable goods
 - o nondurable goods
 - an item consumed in one or a few uses
 - o durable goods
 - one that usually lasts over many use
 - this classification method also provides direction for marketing actions
- services
 - o intangible activities or benefits that an organization provides to satisfy consumers needs in exchange for money or something else of value
 - services have become a significant part of the U.S. economy, exceeding 40% of its GDP
- in marketing an idea is a thought that leads to a product or action
 - o such as a concept for a new invention or getting people out to vote
- product generally includes not only physical goods but services and ideas as well
 - o when product is used in its narrower meaning of “goods” it should be clear from the example/sentence

classifying products

- two broad categories of products widely used in marketing relate to the type of user
 - consumer products
 - products purchased by the ultimate consumer
 - business products (B2B products or industrial products)
 - products organizations buy that assist in providing other products for resale
 - some products can be considered both consumer and business items

consumer products

- convenience products
 - item that the consumer purchases frequently, conveniently, and with a minimum of shopping effort
- shopping products
 - items for which the consumer compares several alternatives on criteria such as
 - price
 - quality
 - style
- specialty products
 - items that the consumer makes a special effort to search out and buy
- unsought products
 - items that the consumer does not know about or knows about but does not initially want
- each type of consumer product stresses different marketing mix actions, degrees of brand loyalty, and shopping effort
 - but how a consumer product is classified depends on the individual

business products

- a major characteristic of business products is that their sales are often the result of derived demand
 - that is sales of business products frequently result from the sale of consumer products
- business products may be classified as components or support products
 - components
 - items that become that become part of the final product
 - support product
 - items used to assist in producing other goods and services

product items, product lines, and product mixes

- product item
 - a specific product that has a unique brand, size, or price
 - Stock keeping unit (SKU)
 - A unique identification number that defines an item for ordering or inventory purposes
- Product line
 - A group of product or service items that are closely related because they satisfy a class of needs, are used together, are sold to the same customer group, are distributed through the same outlets, or fall within a given price range
 - A broad product line enables both consumers and retailers to simplify their buying decisions
- Product mix
 - Consists of all of the product lines offered by an organization

New products and why they succeed or fail

- New products are the lifeblood of a company and keep it growing, but the financial risks can be large

What is a new product