

# Product Concepts

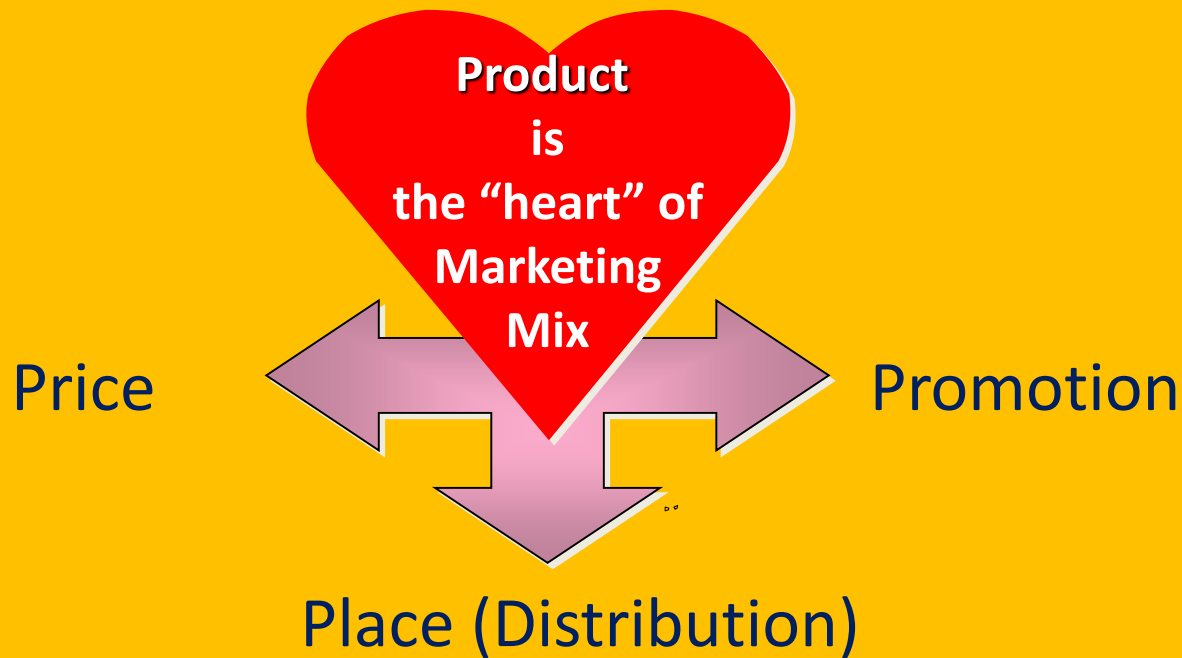
Basic principles on product  
management



Un blog de marketing

# What is a product?

Everything, favorable or unfavorable, that a person receives in an exchange, from money.



# Classification of Products

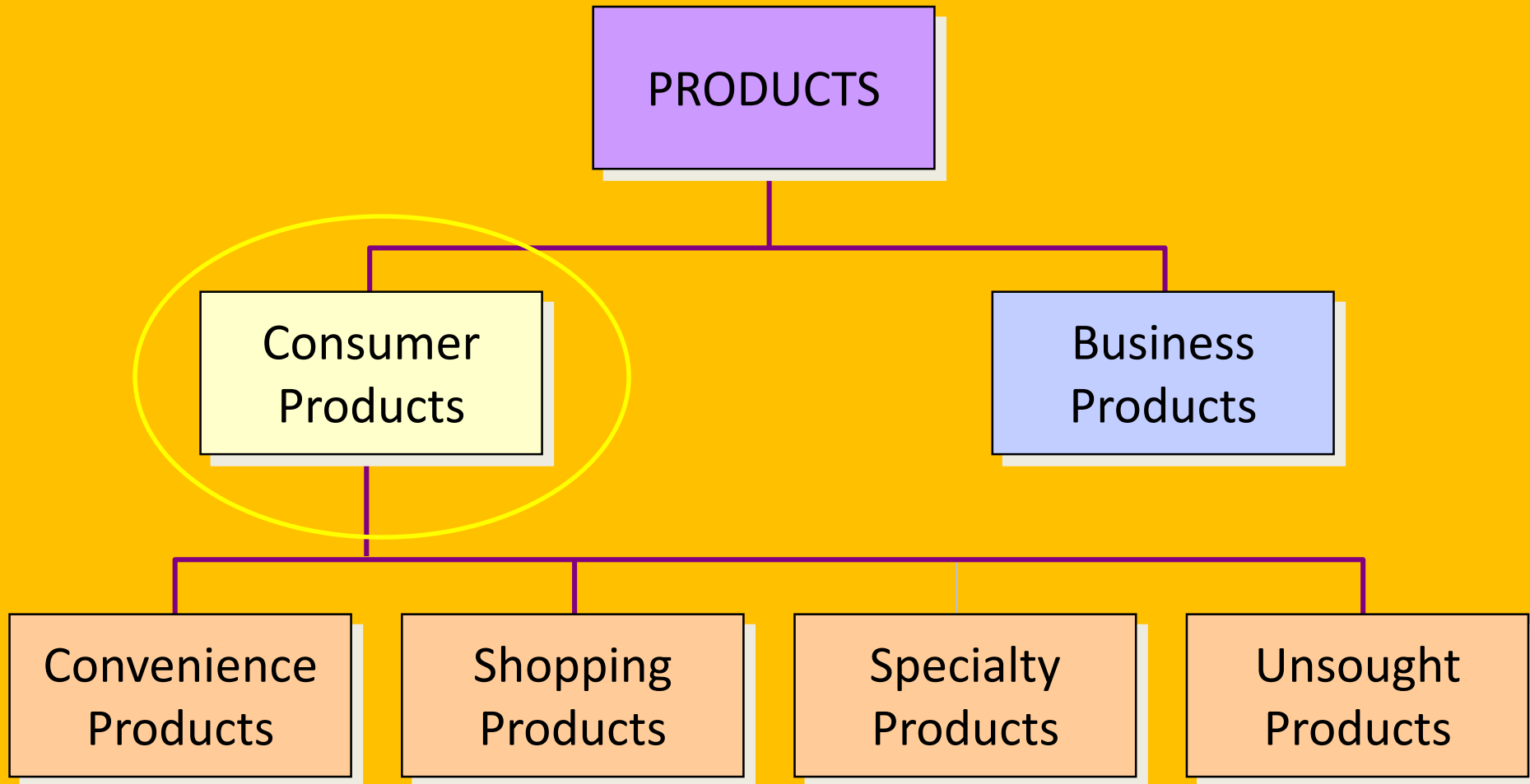
# Product Classifications

Business Product	A product used to manufacture other goods or services, to facilitate an organization's operations, or to resell to other consumers.
Consumer Product	Product bought to satisfy an individual's personal wants

# What kind of products are these?



# Types of consumer products



# Types of consumer products

Convenience Product	A relatively inexpensive item that merits little shopping effort.
Shopping Product	A product that requires comparison shopping, because it is usually more expensive and found in fewer stores.
Specialty Product	A particular item that consumers search extensively for, generally it has no substitutes, and it's available only in specific stores.
Unsought Product	A product unknown to the potential buyer or a known product that the buyer does not actively seek.

# Types of consumer products



Mercedes-Benz



## CONVENIENCE PRODUCTS

**BUY FREQUENTLY AND  
IMMEDIATELY**

- Low priced
- Many purchase locations
- Includes:
  - *Staple goods*
  - *Impulse goods*
  - *Emergency goods*

## SHOPPING PRODUCTS BUY LESS FREQUENTLY

- Gather product information
- Fewer purchase locations
- Compare for:
  - *Suitability & quality*
  - *Price & Style*

## SPECIALTY PRODUCTS SPECIAL PURCHASE EFFORTS

- Unique characteristics
- Brand Identification
- Few purchase locations

## UNSUGHT PRODUCTS NEW INNOVATIONS

- Products consumers don't want to think about
- Require much advertising and personal selling



# **Product Item, Product Line & Product Mix**

# What is a Product Item?

Product items are various varieties offered within a product line, which are similar in one or other ways. Such varieties are based on quality, size, color, capacity, price, model, performance, and so on.

# Product Line & Product Mix



## 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)



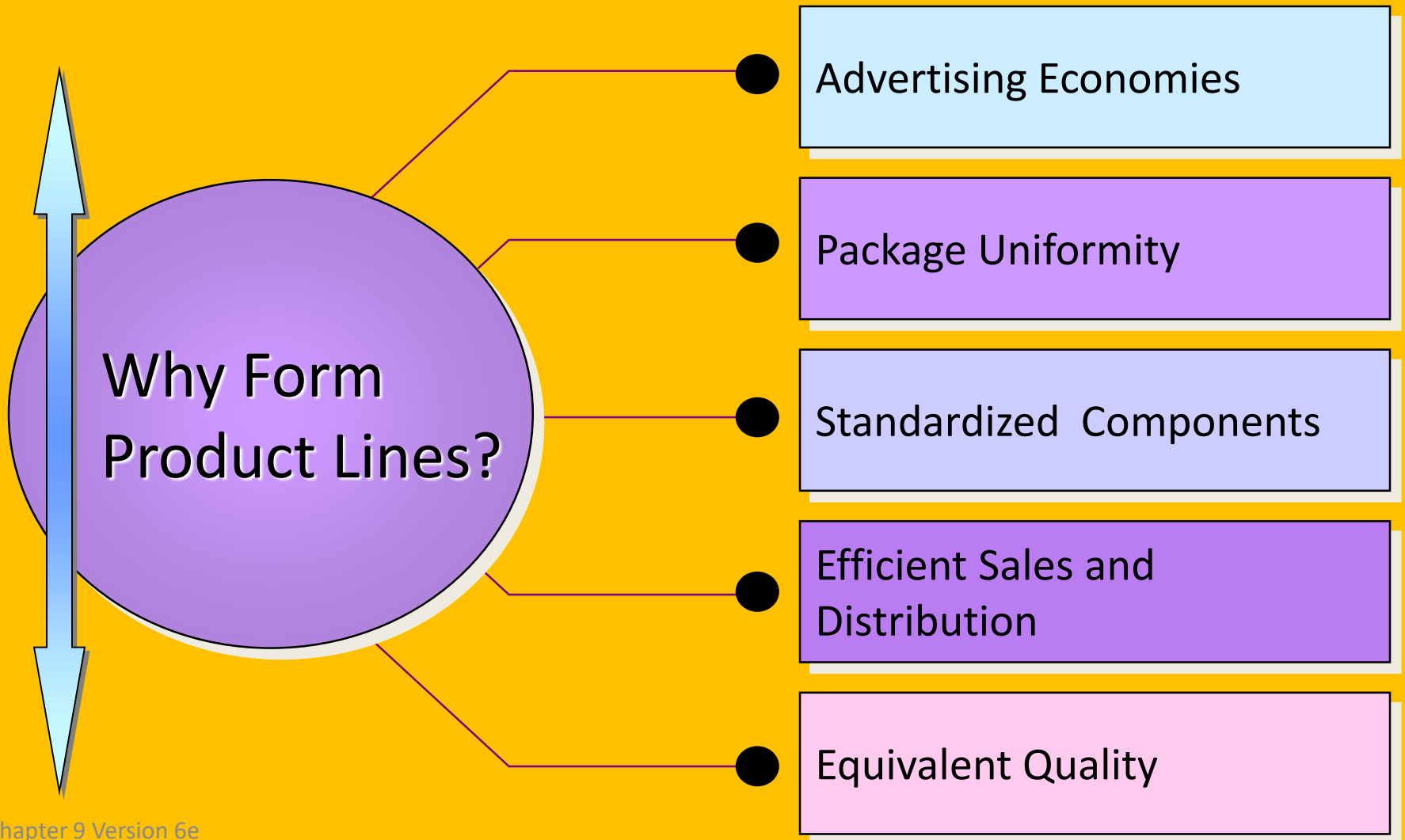
## PRODUCT LINE DEPTH NUMBER OF PRODUCT ITEMS IN A PRODUCT LINE

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

# Example: Gillete Product Line & Mix



# Benefits of Product Lines



# Importance of Product Lines

- ◆ Diversifies risk
- ◆ Capitalizes on established reputations

# Importance of Product Line depth

- ◆ Attracts buyers with different preferences
- ◆ Increases sales/profits by further market segmentation
- ◆ Capitalizes on economies of scale
- ◆ Evens out seasonal sales patterns

# Adjustments

# Adjustments

What type of Adjustments  
can be made to  
Product Items, Product  
Lines, and Mixes

Product  
Modification

Marketers must often make product adjustments in order to keep the product competitive and continue to provide satisfaction to the buyer.

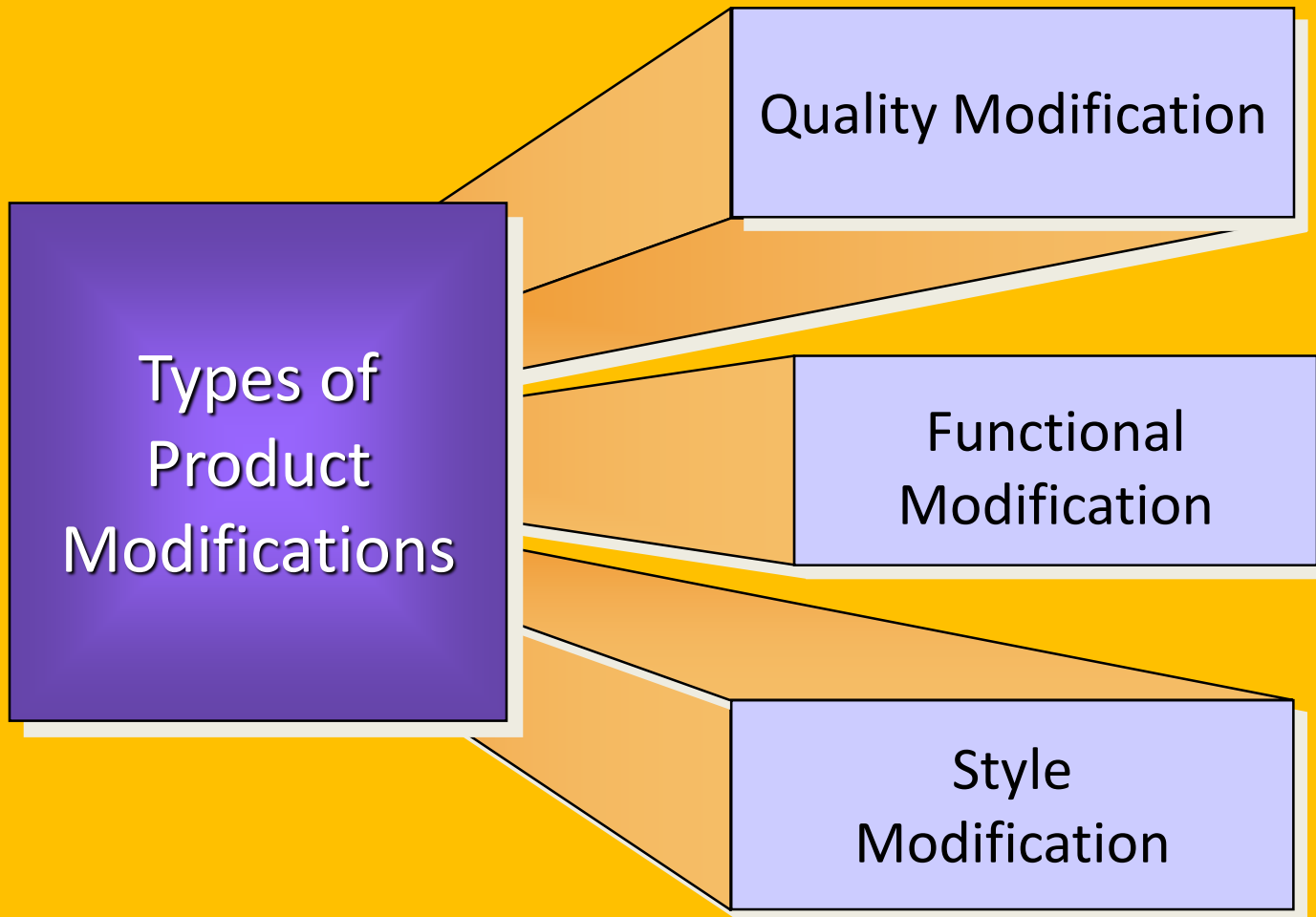
Product Line  
Extension or  
Contraction

There are risks involved with product adjustments: changing the price of the product may price some buyers out, while changing the features may dissuade some from continuing to buy the product.

Product  
Repositioning



# Product Modification



# Examples of Product Modification

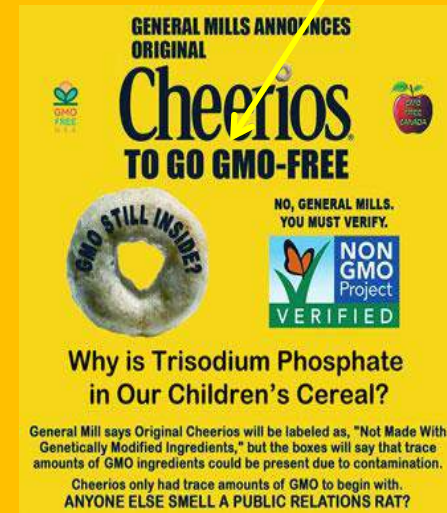
New package



New ingredients



Value added features



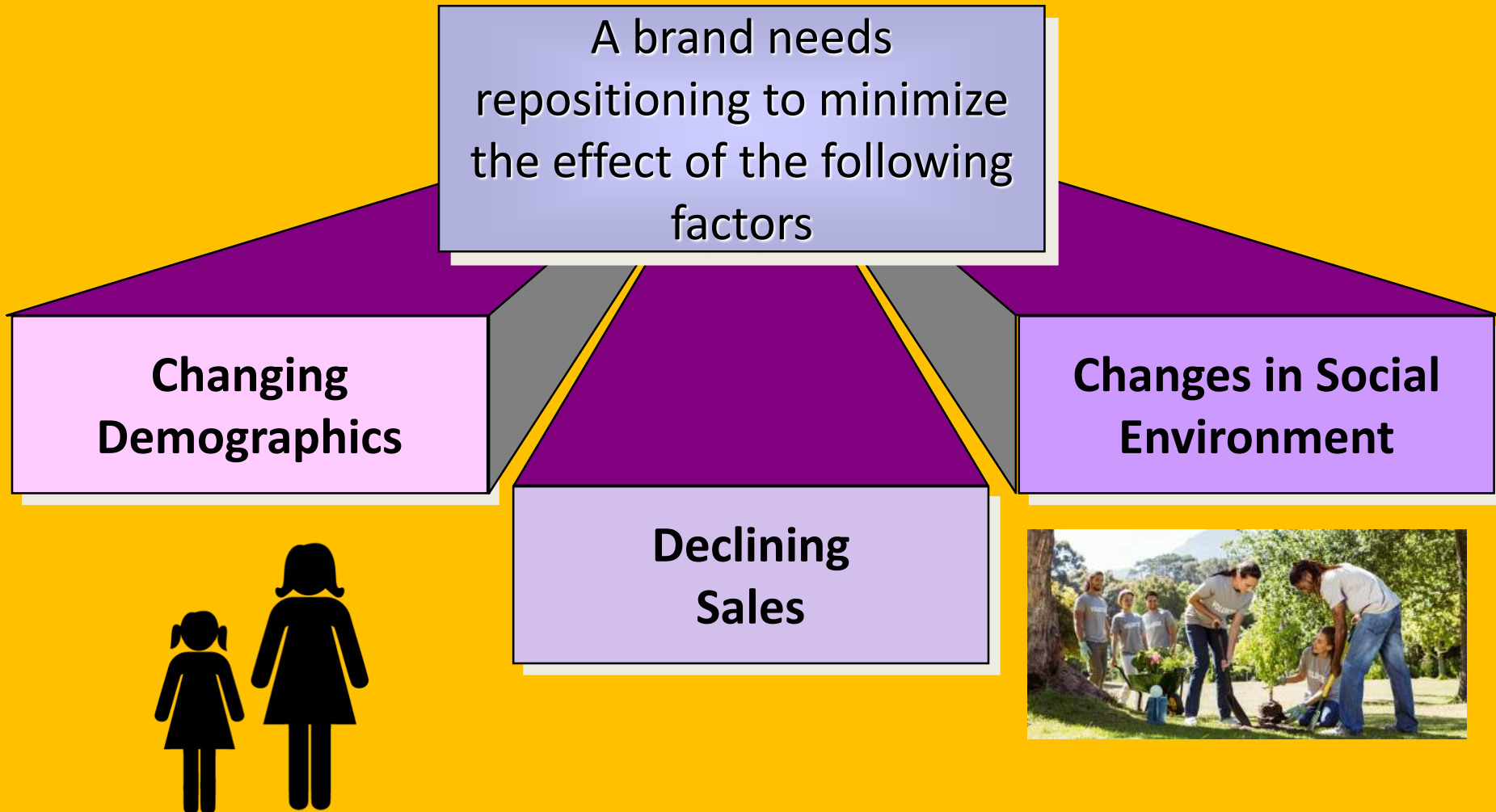
Value added features



New Product Development

# Brand Repositioning

# Why should we Reposition a brand?



# Examples of Product Repositioning

Flavor Drops to boost  
Dasani bottled water



Cheerful designs to reposition  
Safeskin Sport wraps



Refreshment of Taco Bell Logo to Make the brand More contemporary

# Product line Extension or Contraction



# Examples of Product Line Extension



Different flavors  
and package sizes  
For every market



Different packages to suit consumption patterns



Four different types of products  
for every need

# Product Line Contraction

## Symptoms of Product Line Overextension

- ◆ Some products have low sales or cannibalize sales of other items
- ◆ Resources are disproportionately allocated to slow-moving products
- ◆ Items have become obsolete because of new product entries



# **The planned obsolescence concept**

# Planned Obsolescence

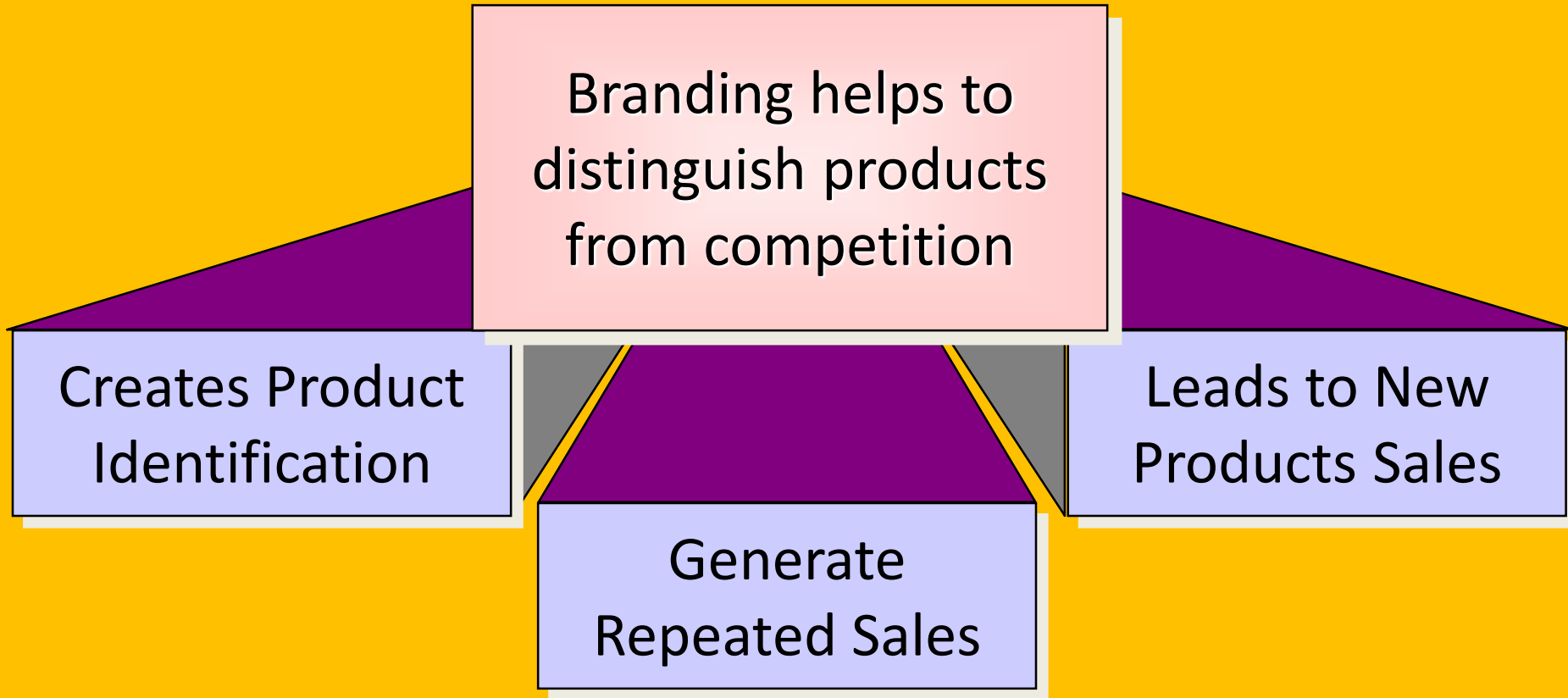


The practice of modifying products so those that have already been sold become obsolete before they actually need replacement.

**Cars and electronic devices are the most representative types of products that practice PO.**

# Branding

# Benefits of Branding



# What is a brand?

A name, term, symbol, design, or combination thereof that identifies a seller's products and differentiates them from competitors' products.

Brand Name	That part of a brand that can be spoken, including letters, words, and numbers.
Brand Mark	The elements of a brand that cannot be spoken.
Brand Equity	The value of company and brand names.
Master Brand	A brand so dominant that it comes to mind immediately when a product category, use, attribute, or benefit is mentioned.

# An effective Brand Name ...

- ✓ Is easy to pronounce
- ✓ Is easy to recognize and remember
- ✓ Is short, distinctive, and unique
- ✓ Describes the product, use, and benefits
- ✓ Has a positive connotation
- ✓ Reinforces the product image
- ✓ Is legally protectable

# Master Brands

A brand so dominant that it comes to mind immediately when a product category, use, attribute, or benefit is mentioned. Try to see what are your answers to the following:

<i>Energy Drink</i>	Red Bull
<i>Sparkling mineral water</i>	Perrier
<i>Smartphone</i>	Iphone
<i>A Pick up truck</i>	Hilux
<i>Canned soups</i>	Campbells
<i>Ice Cream</i>	Ben & Jerrys
<i>Crayons</i>	Crayola
<i>Cola drink</i>	Coca Cola

# What is a generic brand?

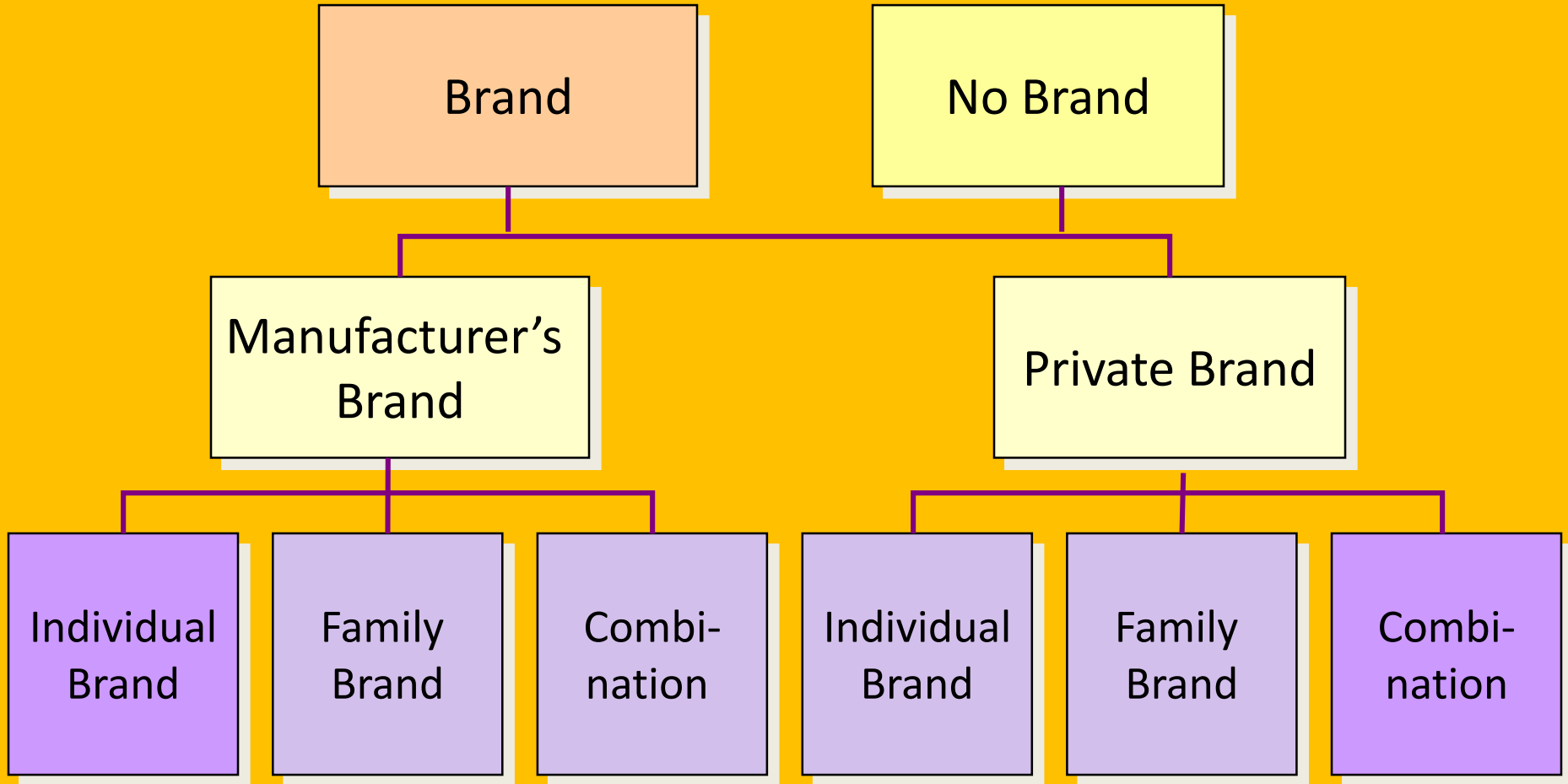


A no-frills, no-brand-name, low-cost product that is simply identified by its product category.





# Branding Strategies



# Manufacturer's vs Private Brand

Manufacturers' Brand	The brand name of a manufacturer.
Private Brand	A brand name owned by a wholesaler or a retailer.

# Examples of Manufacturer's and Private Brands



# Advantages of manufacturer's brands

- **Develop customer loyalty**
- **Attract new customers**
- **Enhance prestige**
- **Offer rapid delivery, can carry less inventory**
- **Ensure dealer loyalty**

# Advantages of private brands

- **Earn higher profits**
- **Less pressure to mark down prices**
- **Manufacturer may drop a brand or become a direct competitor to dealers**
- **No control over distribution of manufacturers' brands**

# Individual vs Family brands

Individual  
Brand

Using different brand names for different products.

Family  
Brand

Marketing several different products under the same brand name.

# Examples of Individual and Family Brands



**Different brand names for different category products**

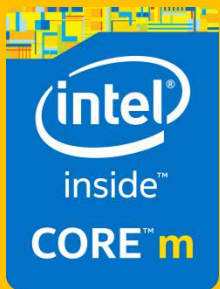


**An overall brand name for different category products**

# Co-Branding

## *Types of Cobranding*

Ingredient  
Branding



Cooperative  
Branding



Complementary  
Branding



The end