

Chapter 10
Product Concepts

MKTG10
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LEARNING OUTCOMES

- 10-1 Define the term *product*
- 10-2 Classify consumer products
- 10-3 Define the terms *product item*, *product line*, and *product mix*
- 10-4 Describe marketing uses of branding

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LEARNING OUTCOMES

- 10-5 Describe marketing uses of packaging and labeling
- 10-6 Discuss global issues in branding and packaging
- 10-7 Describe how and why product warranties are important marketing tools

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10-1

What Is a Product?

Define the term
product

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What Is a Product?

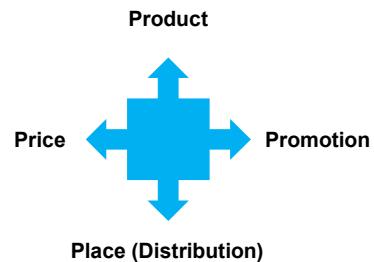
Everything, both favorable and unfavorable, that a person receives in an exchange.

- ◆ Tangible Good
- ◆ Service
- ◆ Idea

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What Is a Product?



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10-2

Types of Consumer Products

Classify consumer products

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Types of Products

Business Product

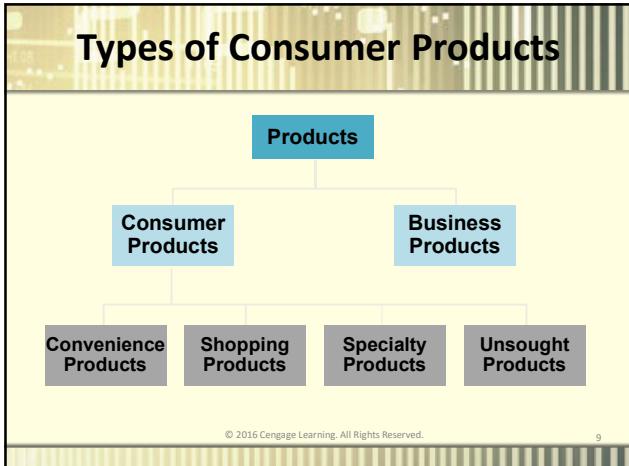
A product used to manufacture other goods or services, to facilitate an organization's operations, or to resell to other customers

Consumer Product

A product bought to satisfy an individual's personal wants

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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 for which consumers search extensively and are reluctant to accept substitutes
Unsought Product	A product unknown to the potential buyer or a known product that the buyer does not actively seek

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10-3

Product Items, Lines, and Mixes

Define the terms *product item*, *product line*, and *product mix*

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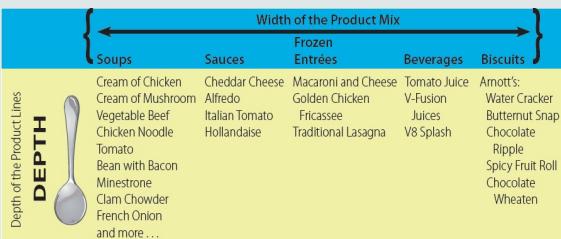
Product Items, Lines, and Mixes

Product Item	A specific version of a product that can be designated as a distinct offering among an organization's products.
Product Line	A group of closely-related product items.
Product Mix	All products that an organization sells.

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10.1

Campbell's Product Lines and Product Mix



Source: Campbell's Web site:
<http://www.campbellsoup.com>.

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Benefits of Product Lines

Advertising Economies

Package Uniformity

Standardized Components

Efficient Sales and Distribution

Equivalent Quality

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Adjustments

Adjustments to Product Items, Lines, and Mixes

Product Modification

Product Repositioning

Product Line Extension or Contraction

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Types of Product Modifications

Quality Modification

Functional Modification

Style Modification

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

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Repositioning

Why reposition established brands?

Changing Demographics
Declining Sales
Changes in Social Environment

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Product Line Extension

Adding additional products to an existing product line in order to compete more broadly in the industry.

Symptoms of 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

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Branding

Describe marketing uses of branding

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Branding

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
Global Brand	A brand where at least a third of the earnings come from outside its home country

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Benefits of Branding

Product Identification

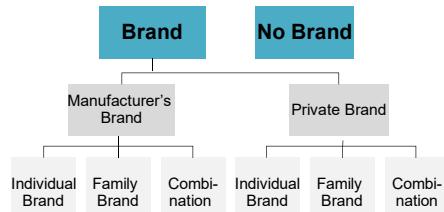
Repeat Sales

New-product Sales

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Branding Strategies



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Branding Strategies

Manufacturers' Brand	The brand name of a manufacturer.
Private Brand	A brand name owned by a wholesaler or a retailer. Also known as a private label or store brand.
Captive	A brand manufactured by a third party for exclusive retailer, without evidence of a that retailer's affiliation.

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Advantages of Manufacturers' Brands

- ◆ Heavy consumer ads by manufacturers
- ◆ Attract new customers
- ◆ Enhance dealer's prestige
- ◆ Rapid delivery, carry less inventory
- ◆ If dealer carries poor quality brand, customer may simply switch brands and remain loyal to dealer

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Advantages of Private Brands

- ◆ Earn higher profits on own brand
- ◆ Less pressure to mark down price
- ◆ Manufacturer can become a direct competitor or drop a brand/reseller
- ◆ Ties customer to wholesaler or retailer
- ◆ Wholesalers and retailers have no control over the intensity of distribution of manufacturers' brands

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Advantages of Captive Brands

- No evidence of store's affiliation
- Manufactured by third party
- Sold exclusively at the chain
- Can ask price similar to manufacturer's brands

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Individual Brands Versus Family Brands

Individual Brand

Using different brand names for different products.

Family Brand

Marketing several different products under the same brand name.

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Co-branding

Types of Co-branding

Ingredient Branding

Cooperative Branding

Complementary Branding

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Trademarks

A Trademark is the exclusive right to use a brand. A service mark performs the same function for services.

- Many parts of a brand and associated symbols qualify for trademark protection.
- Trademark right comes from use rather than registration.
- The Digital Millennium Copyright Act (DMCA) explicitly applies trademark law to the digital world.
- Companies that fail to protect their trademarks face the possibility that their product names will become generic.

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10-5

Packaging

Describe marketing uses of packaging and labeling

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Functions of Packaging

Contain and Protect

Promote

Facilitate Storage, Use, and Convenience

Facilitate Recycling

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Labeling

Persuasive

- Focuses on promotional theme
- Consumer information is secondary

Informational

- Helps make proper selections
- Lowers cognitive dissonance

Greenwashing

Attempting to give the impression of environmental friendliness whether or not it is environmentally friendly.

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Universal Product Codes

A series of thick and thin vertical lines (bar codes), readable by computerized optical scanners, that represent numbers used to track products.

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10-6

Global Issues in Branding and Packaging

Discuss global issues in branding and packaging

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Global Issues in Branding



One Brand Name Everywhere

Adaptations & Modifications

Different Brand Names in Different Markets

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Global Issues in Packaging



Labeling

Aesthetics

Climate Considerations

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10-7

Product Warranties

Describe how and why product warranties are important marketing tools

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Product Warranties

Warranty	A confirmation of the quality or performance of a good or service.
Express Warranty	A written guarantee.
Implied Warranty	An unwritten guarantee that the good or service is fit for the purpose for which it was sold.

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Chapter 10 Video

Zappos

Zappos discusses how the company builds its product offerings and enters into new fields. Zappos also has a limited line of private label offerings that it creates to fill a perceived gap in the market. Choosing the correct products is the starting point for Zappos to offer its great customer service and “deliver happiness.”

[CLICK TO PLAY VIDEO](#)

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