

## Chapter 10 Product Concepts

MKTG9  
Lamb, Hair, and McDaniel



## 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

## 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

10-1

## What Is a Product?

**Define the term**  
***product***

## What Is a Product?

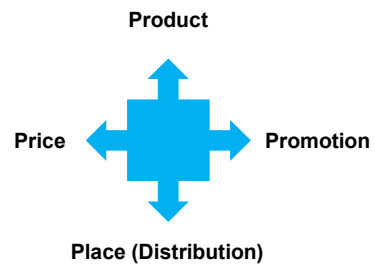
Everything, both favorable and unfavorable, that a person receives in an exchange.

- ◆ 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**

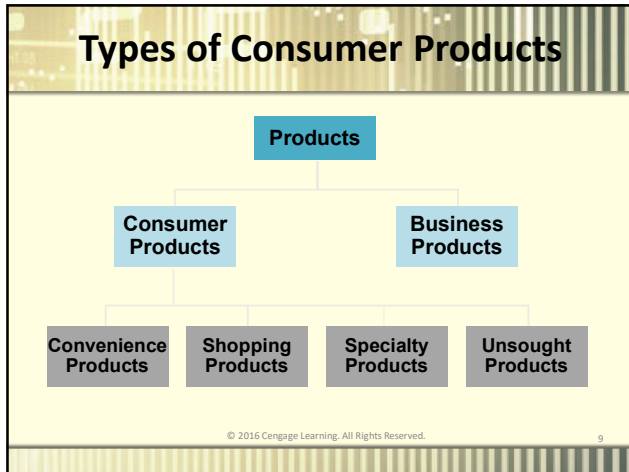
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## Types of Products

|                         |  |
|-------------------------|--|
| <b>Business Product</b> | A product used to manufacture other goods or services, to facilitate an organization's operations, or to resell to other customers |
| <b>Consumer Product</b> | 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

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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

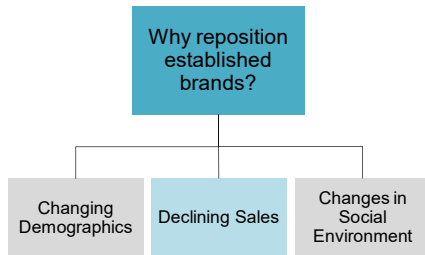
Style Modification

**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



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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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10-4

## Branding

Describe marketing uses of branding

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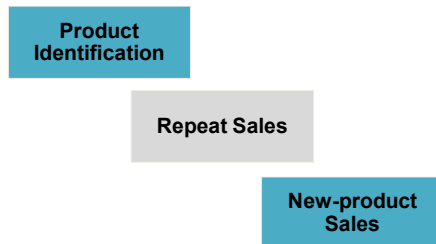
## Branding

|                     |   |
|---------------------|---|
| <b>Brand Name</b>   | That part of a brand that can be spoken, including letters, words, and numbers    |
| <b>Brand Mark</b>   | The elements of a brand that cannot be spoken                                     |
| <b>Brand Equity</b> | The value of company and brand names  |
| <b>Global Brand</b> | A brand where at least a third of the earnings come from outside its home country |

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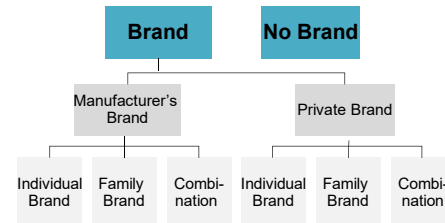
## Benefits of Branding



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## Branding Strategies



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## Branding Strategies

|                             |  |
|-----------------------------|--|
| <b>Manufacturers' Brand</b> | The brand name of a manufacturer.  |
| <b>Private Brand</b>        | A brand name owned by a wholesaler or a retailer. Also known as a private label or store brand.                  |
| <b>Captive</b>              | 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

### Informational

- |                                     |                                |
|-------------------------------------|--------------------------------|
| ▪ Focuses on promotional theme      | ▪ Helps make proper selections |
| ▪ Consumer information is secondary | ▪ 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



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## Global Issues in Packaging



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10-7

## Product Warranties

**Describe how  
and why product  
warranties are important  
marketing tools**

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## Product Warranties

|                         |   |
|-------------------------|---|
| <b>Warranty</b>         | A confirmation of the quality or performance of a good or service.                            |
| <b>Express Warranty</b> | A written guarantee.  |
| <b>Implied Warranty</b> | 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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