

CHAPTER NINE

Elements of Product Planning for Goods and Services



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When we finish this lecture you should

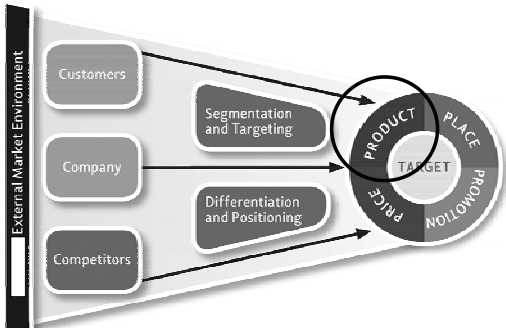
1. Understand what “Product” really means.
2. Know the key differences between goods and services.
3. Understand how product classes can help a marketing manager plan marketing strategies.
4. Know the differences among the various consumer and business product classes.
5. Understand what branding is and how to use it in strategy planning.

When we finish this lecture you should

6. Understand the importance of packaging in strategy planning.
7. Understand the role of warranties in strategy planning.

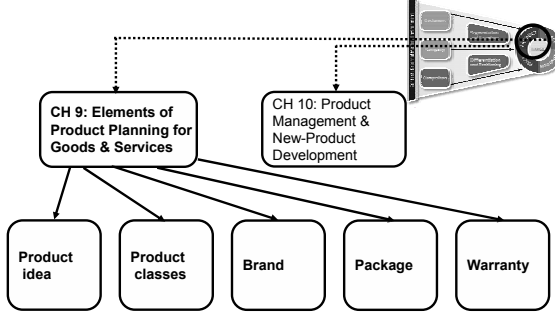
Product Decisions for Marketing Strategy Planning

(Exhibit 9-1)

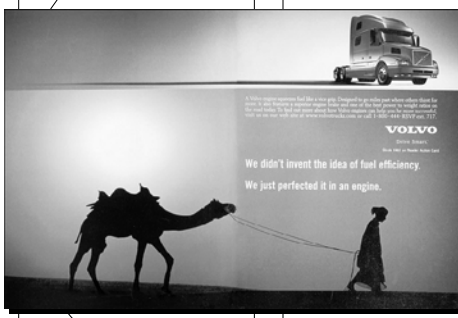


Product Decisions for Marketing Strategy Planning

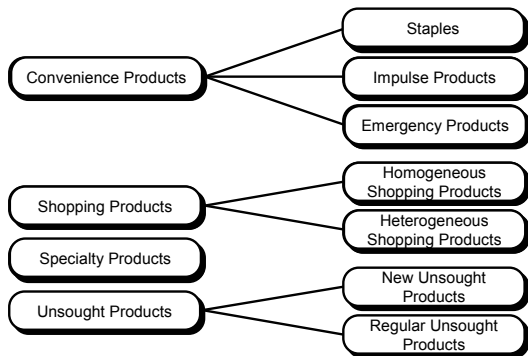
(Exhibit 9-1)



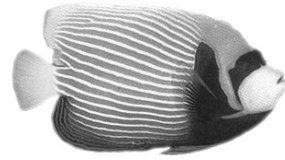
Product Quality and Customer Needs



Consumer Product Classes



One Product May Be Seen Several Ways

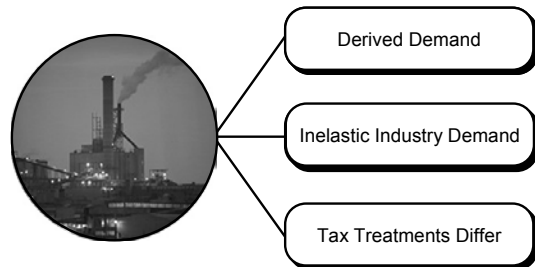


Checking your knowledge

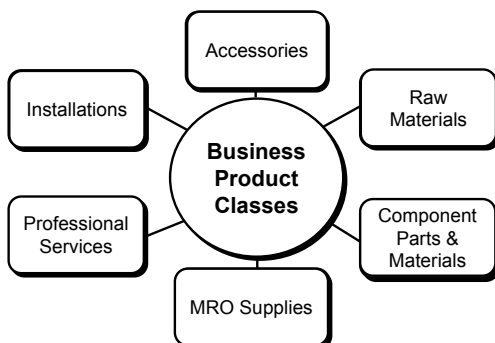
Jack White wanted to purchase a new dress shirt. He went to a local department store, toured the men's department, and thought all the brands looked about the same. He decided to buy the store brand shirt, because it was the cheapest. For Jack, the new shirt was a(n):

- A. convenience product.
- B. heterogeneous shopping product.
- C. specialty product.
- D. homogeneous shopping product.
- E. impulse product.

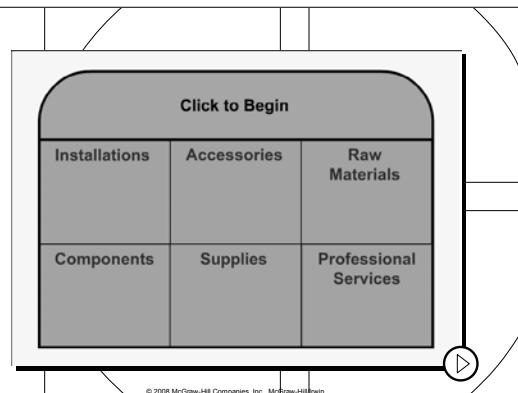
Business Products Are Different



Business Product Classes – How They Are Defined



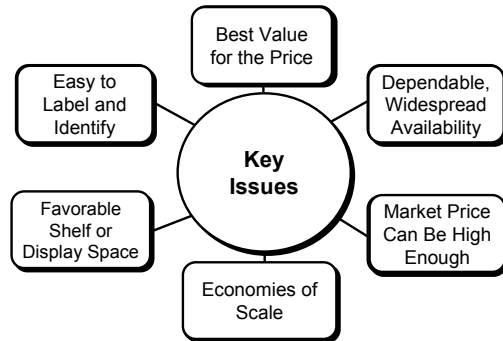
Interactive Exercise: Business Product Classes



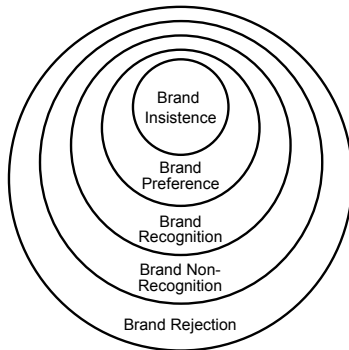
Branding Needs a Strategy Decision, Too (Exhibit 9-5)



Conditions Favorable to Branding

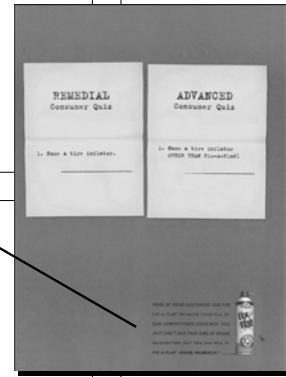


Achieving Brand Familiarity Is Not Easy



Brand Familiarity

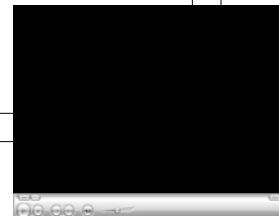
More of your customers ask for Fix-A-Flat by name than all of our competitors combined. You just can't buy that kind of brand recognition, but you can sell it. Fix-A-Flat: Spare Yourself.



The Right Brand Name Can Help (Exhibit 9-6)



A Good Brand Name?



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Protecting Brand Names & Trademarks



Lanham Act

You Must Protect Your Own

Counterfeiting Is Accepted In Some Cultures

What Kind of Brand to Use?

Family Brand

Licensed Brand

Brand Choices

Generic "Brand"

Individual Brand

Who Should Do the Branding?

Manufacturer Brands

- Also called national brands
- Created/owned by producers
- Develop demand across many markets

Battle of the Brands

Dealer Brands

- Also called private brands or store brands
- Created/owned by middlemen
- Create higher margins for dealers

Checking your knowledge

Target's "Cherokee" brand of men's clothing is available only at Target stores. The brand provides a low-cost alternative to other men's fashions available at department stores and via catalogs. The Cherokee brand is a(n):

- A. manufacturer brand.
- B. dealer brand.
- C. licensed brand.
- D. national brand.
- E. generic brand.

The Strategic Importance of Packaging

Packaging Can Enhance the Product

Packaging Sends a Message



UPC Codes Speed Handling

Packaging Can Lower Distribution Costs

What Is Socially Responsible Packaging?



Fair Packaging & Labeling Act



Laws Reduce Clutter & Confusion



Ethical Decisions Remain

Checking your knowledge

Heinz has a new ketchup bottle that has the cap on the bottom, instead of the top. The bottle uses gravity to help the consumer get every last drop of ketchup out of the bottle. The cap is also designed to pour cleanly, so that dried ketchup does not accumulate around the opening. This new bottle demonstrates how packaging can:

- A. promote product.
- B. protect the product.
- C. lower distribution costs.
- D. incorporate UPC codes.
- E. enhance product usage.

Warranty Policies Are a Part of Strategy Planning



Checking your knowledge

McDonald's announced that at select locations, if drive-through customers do not get exactly what they want within two minutes of placing the order, their next meal will be free. This promise by McDonald's is a good example of a(n):

- A. service guarantee.
- B. warranty.
- C. unit price.
- D. limited warranty.
- E. no-fault insurance policy.

You now

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Key Terms

- | | |
|------------------------|-----------------------------------|
| • Product | • Emergency products |
| • Quality | • Shopping products |
| • Service | • Homogeneous shopping products |
| • Product assortment | • Heterogeneous shopping products |
| • Product line | • Specialty products |
| • Individual product | • Unsought products |
| • Consumer products | • New unsought products |
| • Business products | • Regularly unsought products |
| • Convenience products | • Derived demand |
| • Staples | |
| • Impulse products | |

Key Terms

- Expense item
- Capital item
- Installations
- Accessories
- Raw materials
- Farm products
- Natural products
- Components
- Supplies
- Professional services
- Branding
- Brand name
- Trademark
- Service mark
- Brand familiarity
- Brand rejection
- Brand nonrecognition
- Brand recognition
- Brand preference
- Brand insistence
- Brand equity
- Lanham Act

Key Terms

- Family brand
- Licensed brand
- Individual brands
- Generic products
- Manufacturer brands
- Dealer brands
- Private brands
- Battle of the brands
- Packaging
- Universal Product Code (UPC)
- Federal Fair Packaging and Labeling Act
- Warranty
- Magnuson-Moss Act