

# Product

# What is a Product?

- A Product is anything that can be offered to a market for attention, acquisition, use, or consumption and that might satisfy a want or need.
- Includes:
  - Physical Objects
  - Services
  - Events
  - Persons
  - Places
  - Organizations
  - Ideas
  - Combinations of the above

# Core Product

## Facilitating Products

- must be present for the guest to use the core service

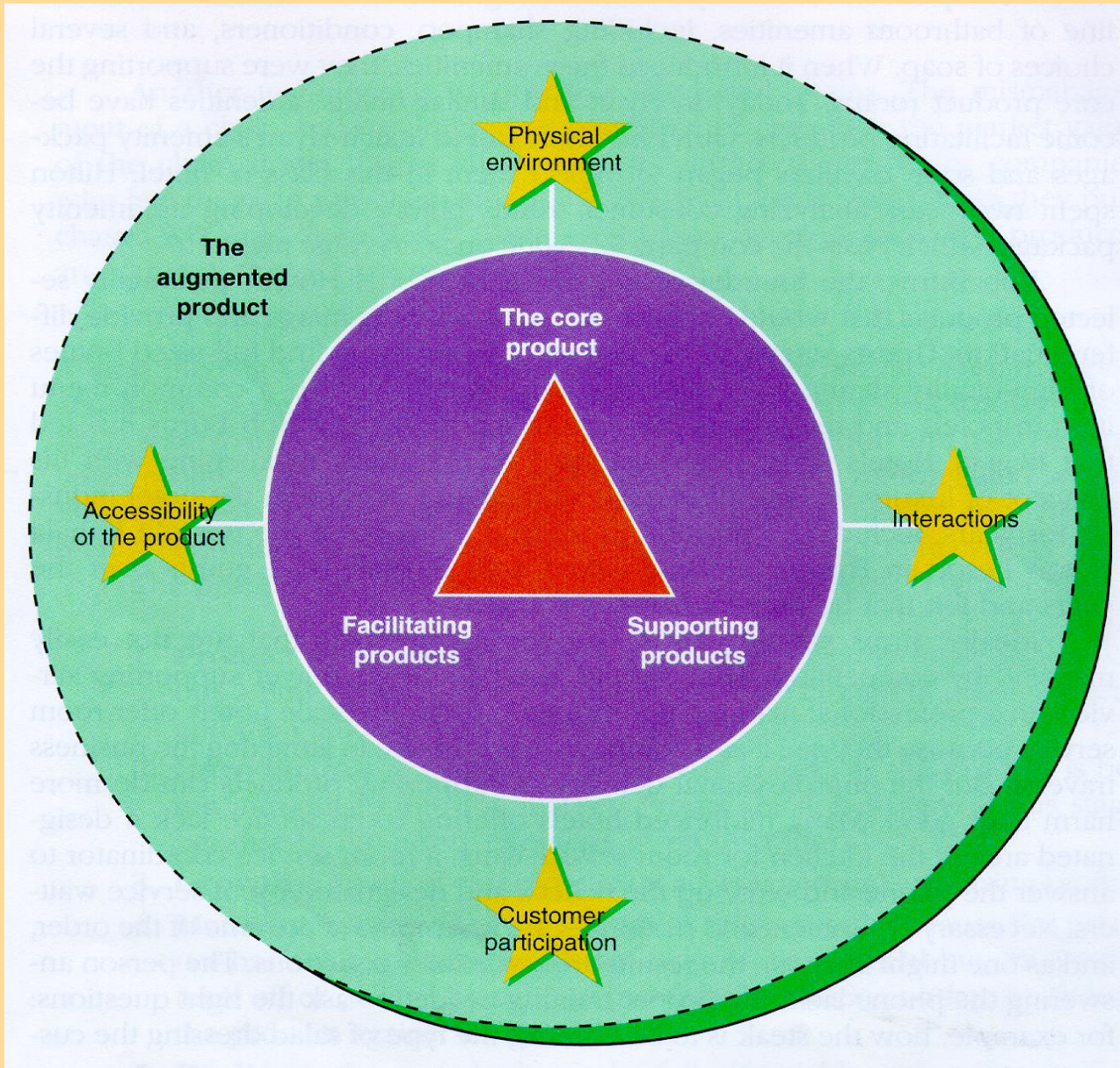
## Supporting Products

- Add value to the core product

## Augmented Product

- physical environment, accessibility, interactions, physical environment

### **Levels of the product**



# *customer value hierarchy*

*Level 1 core benefit:*

level 2, *basic product.*

level 3, *expected product,*

level 4, *augmented product*

Level 5 *potential product,*

# Product mix

- *Product item*--a single product
- *Product line*--all items of the same type
- *Product mix*--total group of products that an organization markets
- *Depth* measures the # of products that are offered within each product line.
- *Width* measures the # of product lines a company offers.

# Classifying Products

## **consumer products**

*Convenience*

*Shopping*

*Specialty*

*Unsought*

## **Business to Business products**

*Production Goods*

*Support Goods*



# Brand

- The American Marketing Association defines a **brand** as a name, term, sign, symbol, or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.



five levels of customer attitude toward a brand:

1. Customer will change brands, especially for price reasons. No brand loyalty.
2. Customer is satisfied. No reason to change the brand.
3. Customer is satisfied and would incur costs by changing brand.
4. Customer values the brand and sees it as a friend.
5. Customer is devoted to the brand.

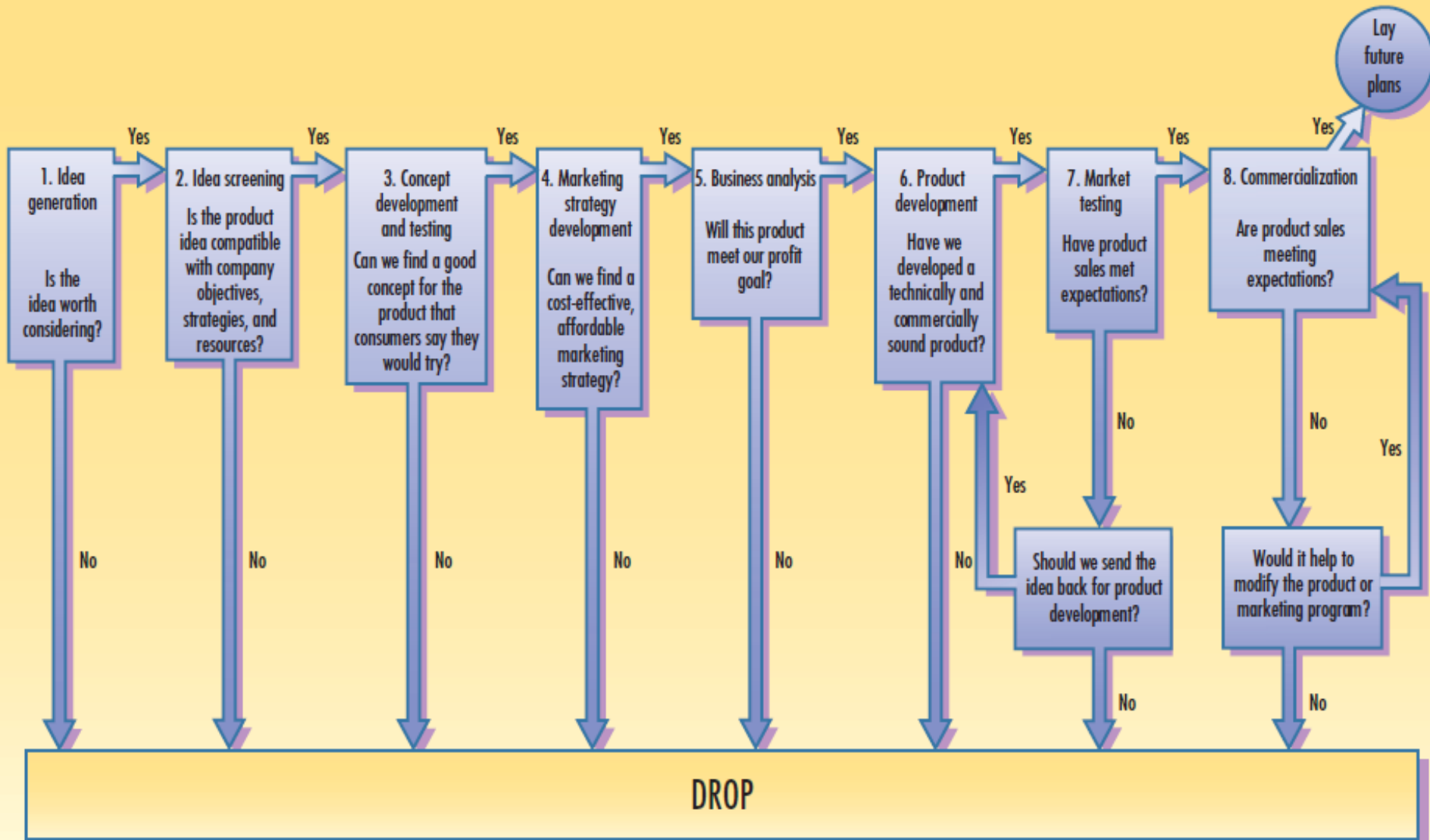
- *Brand equity* is highly related to how many customers are in classes 3, 4, or 5. It is also related to the degree of brand-name recognition, perceived brand quality, strong mental and emotional associations, and other assets such as patents, trademarks, and channel relationships.

# brand strategy

- *line extensions* (existing brand name extended to new sizes or flavors in the existing product category)
- *brand extensions* (brand names extended to new-product categories)
- *multibrands* (new brand names introduced in the same product category)
- *new brands* (new brand name for a new category product)
- *co-brands* (brands bearing two or more well-known brand names).

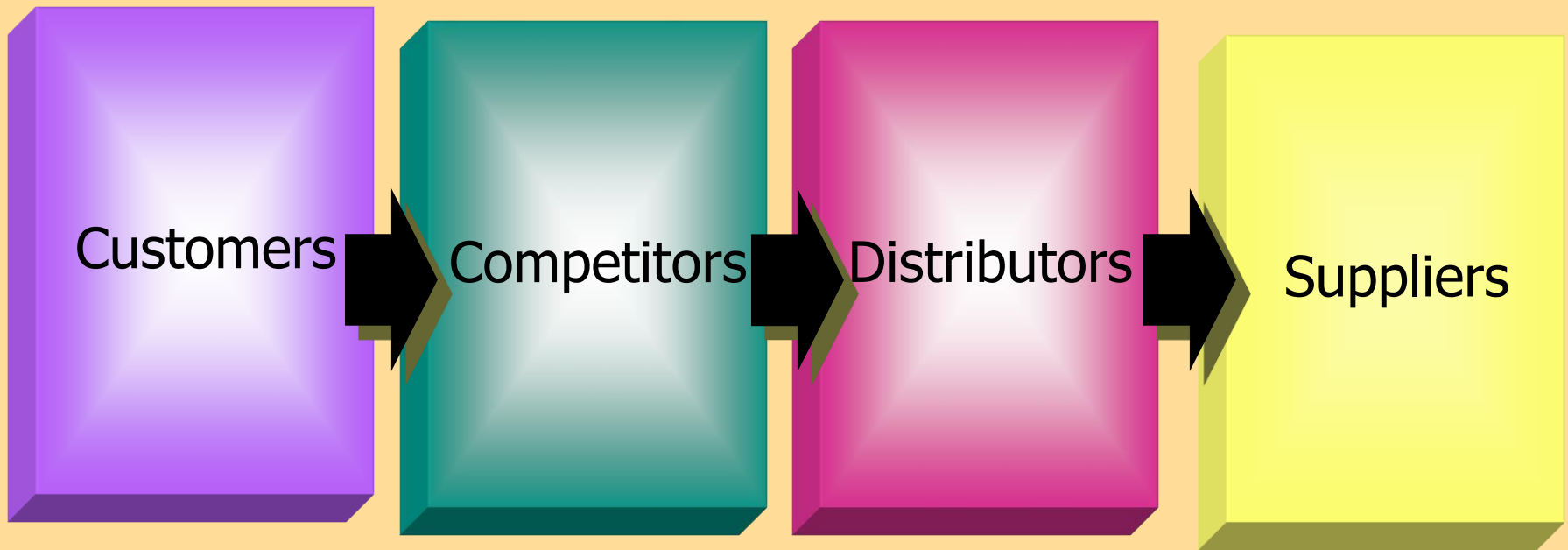
# New Product Development Process





# New Product Development Process Step 1. Idea Generation

Idea Generation is the Systematic Search for New Product Ideas Obtained Internally From Employees and Also From:



# New Product Development

## Process Step 2. Idea Screening

- Process to spot good ideas and drop poor ones as soon as possible.
- Many companies have systems for rating and screening ideas which estimate:
  - Market Size
  - Product Price
  - Development Time & Costs
  - Unit Costs
  - Rate of Return
- Then, the idea is evaluated against a set of general company criteria.



# New Product Development Process

## Step 3. Concept Development

1. Develop New **Product Ideas**  
into Alternative Detailed  
**Product Concepts**



2. **Concept Testing** - Test the  
New Product Concepts with  
Groups of Target Customers



3. Choose the One That Has the  
Strongest Appeal to Target  
Customers

# New Product Development Process Step 4. Marketing Strategy

## Part One Describes Overall:

Target Market  
Planned Product Positioning  
Sales & Profit Goals  
Market Share

## Part Two Describes First-Year:

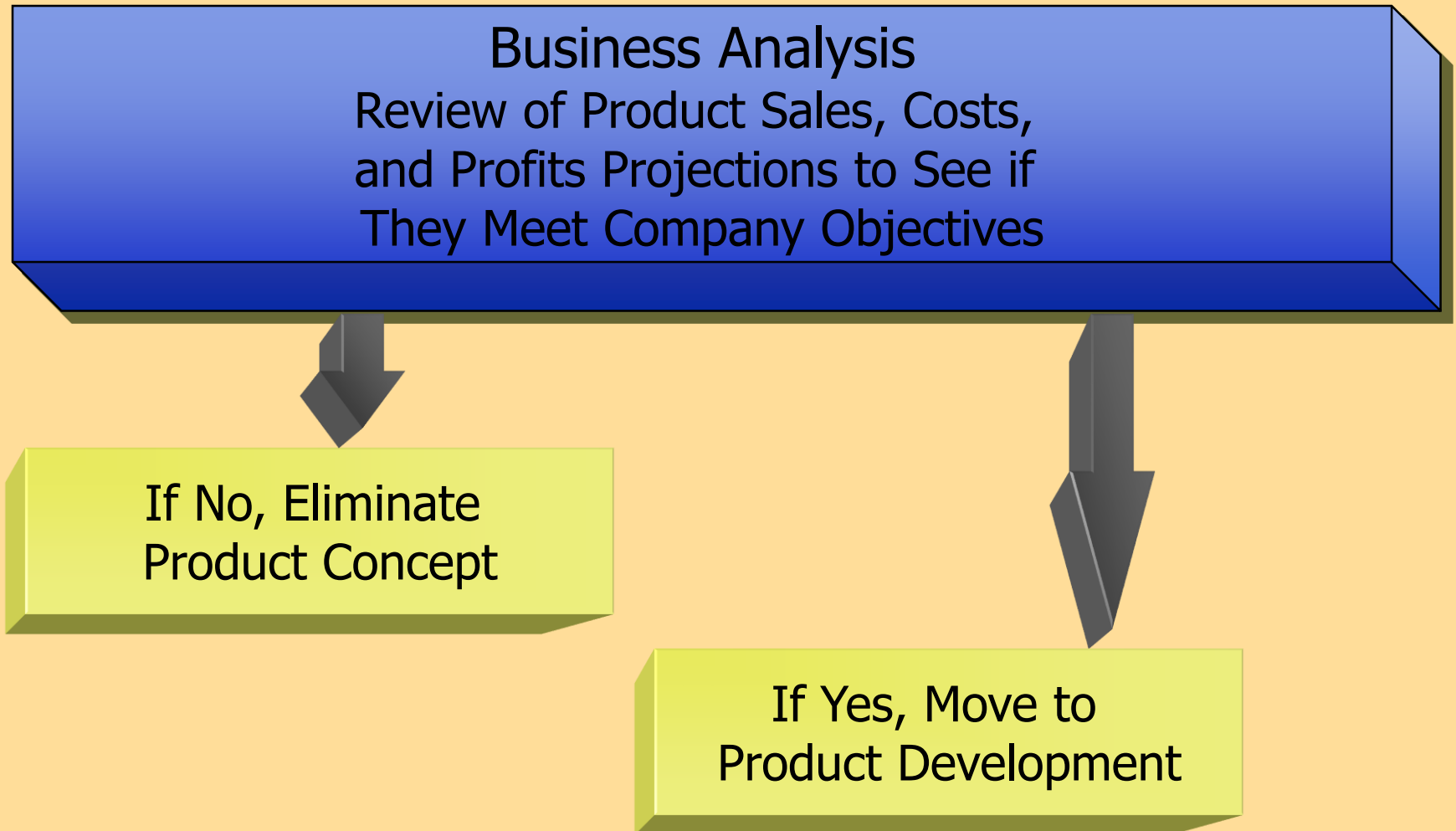
Product's Planned Price  
Distribution  
Marketing Budget

## Part Three Describes Long-Term:

Sales & Profit Goals  
Marketing Mix Strategy

# Step 5. Business Analysis

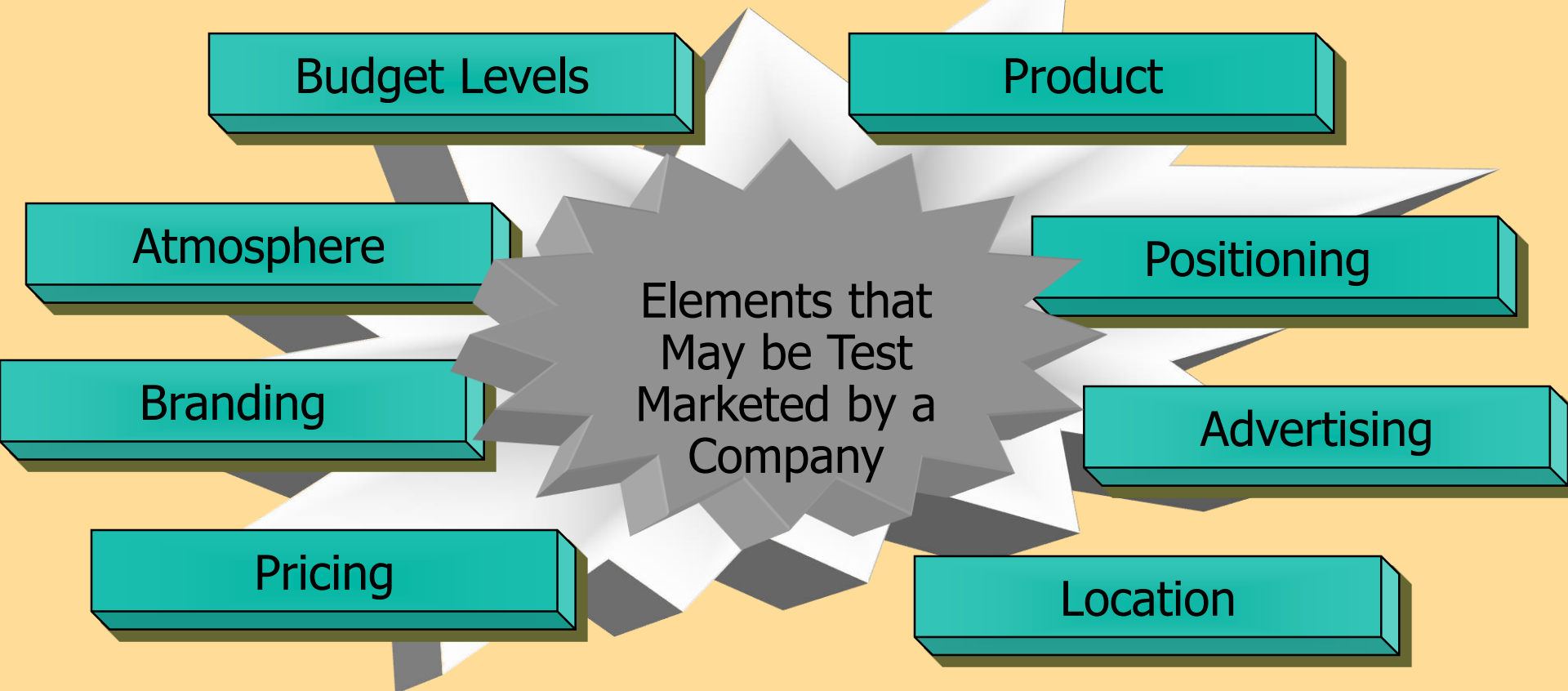
## Step 6. Product Development



# Product Development Process

## Step 7. Test Marketing

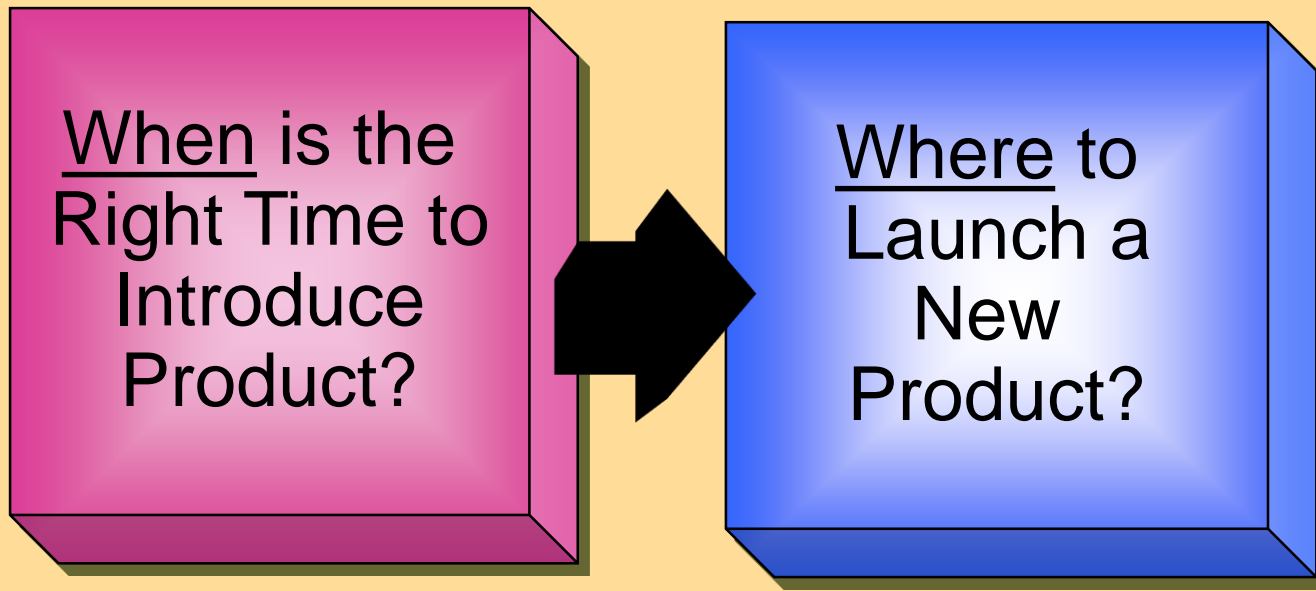
Test Marketing is the Stage Where the Product and Marketing Program are Introduced into More Realistic Market Settings.



# New Product Development Process

## Step 8. Commercialization

Commercialization is the Introduction of the New Product into the Marketplace.

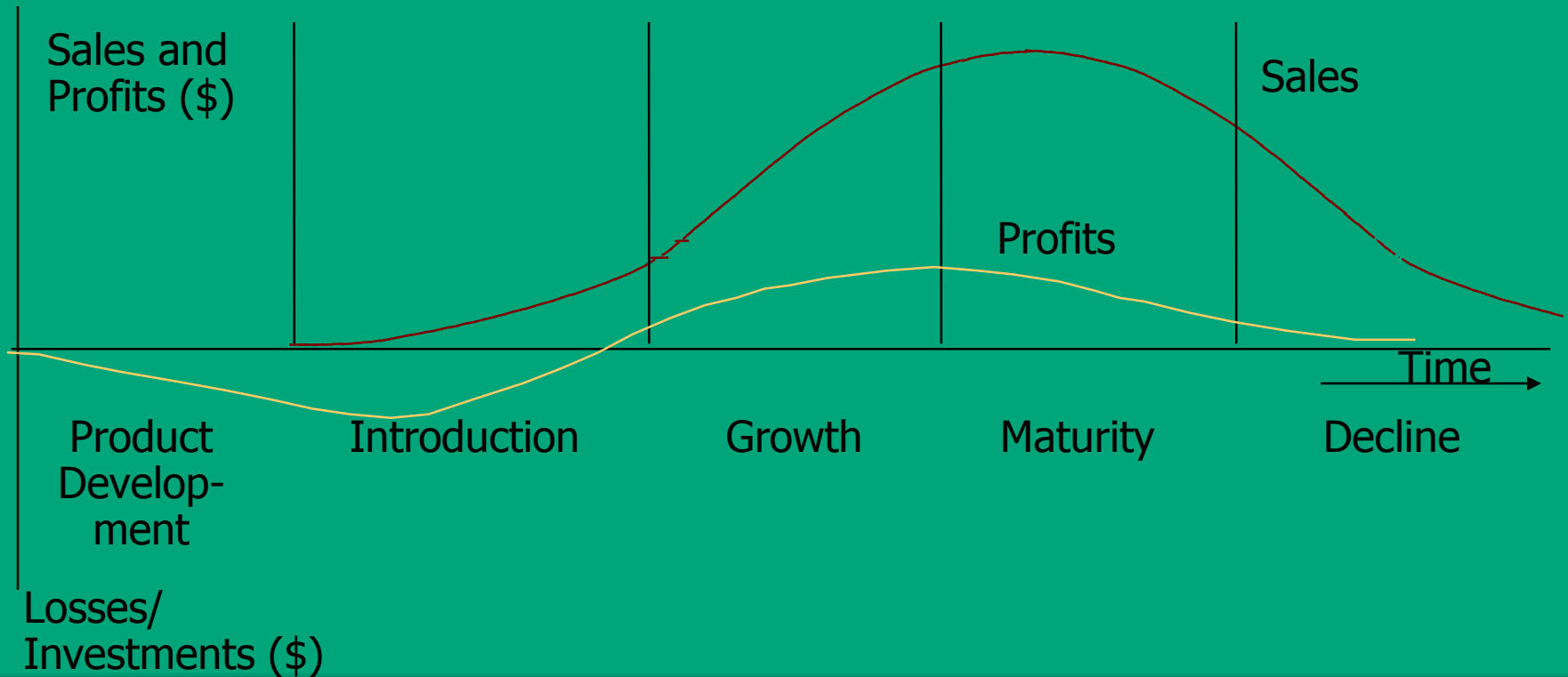


# Product Development through Acquisition

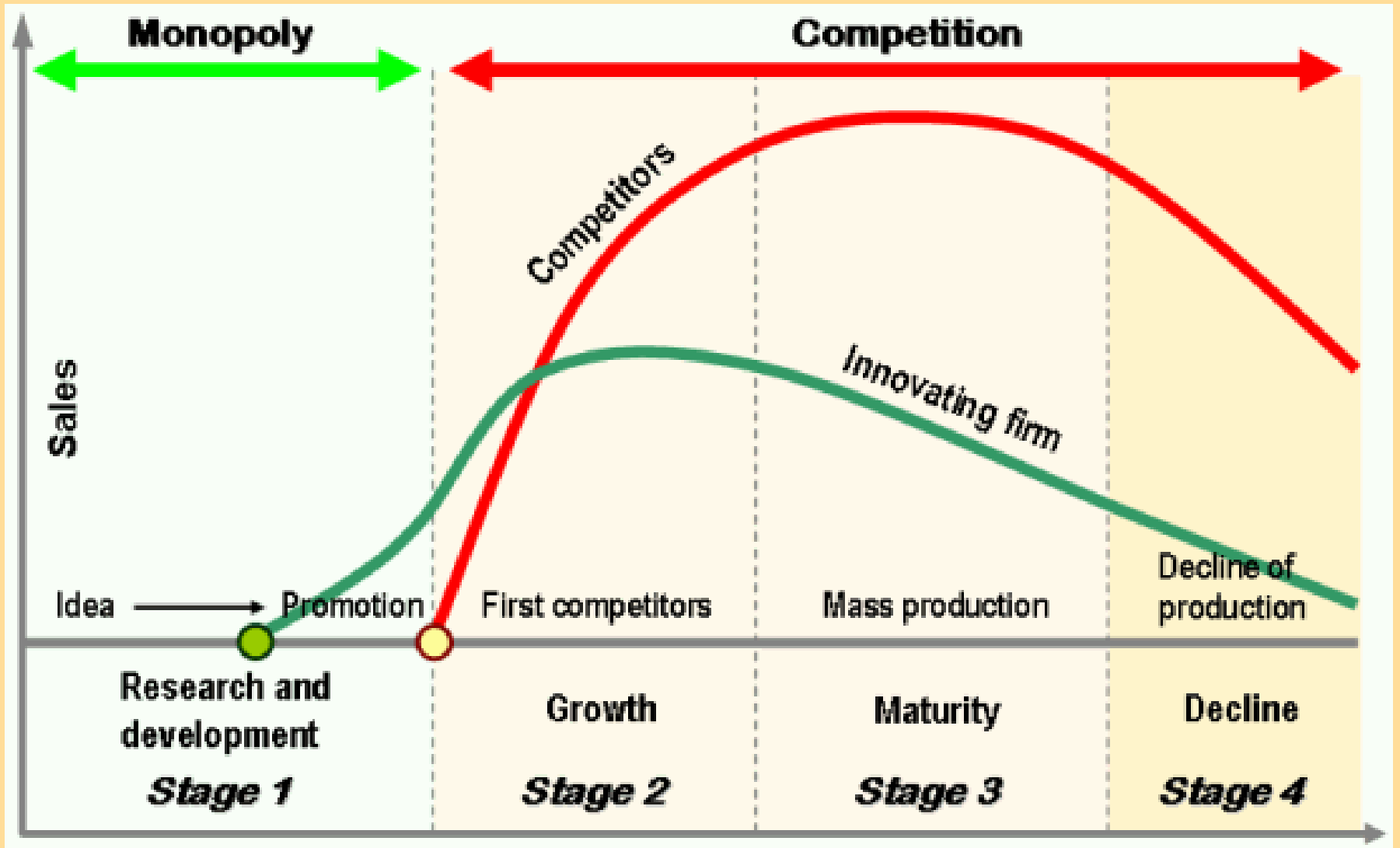
- Large companies will sometimes buy a small companies rather than develop their own new companies.
- Sometimes, companies purchase distressed chains to turn them around. For example, Pepsico purchased KFC and Taco Bell.

# Product Life Cycle

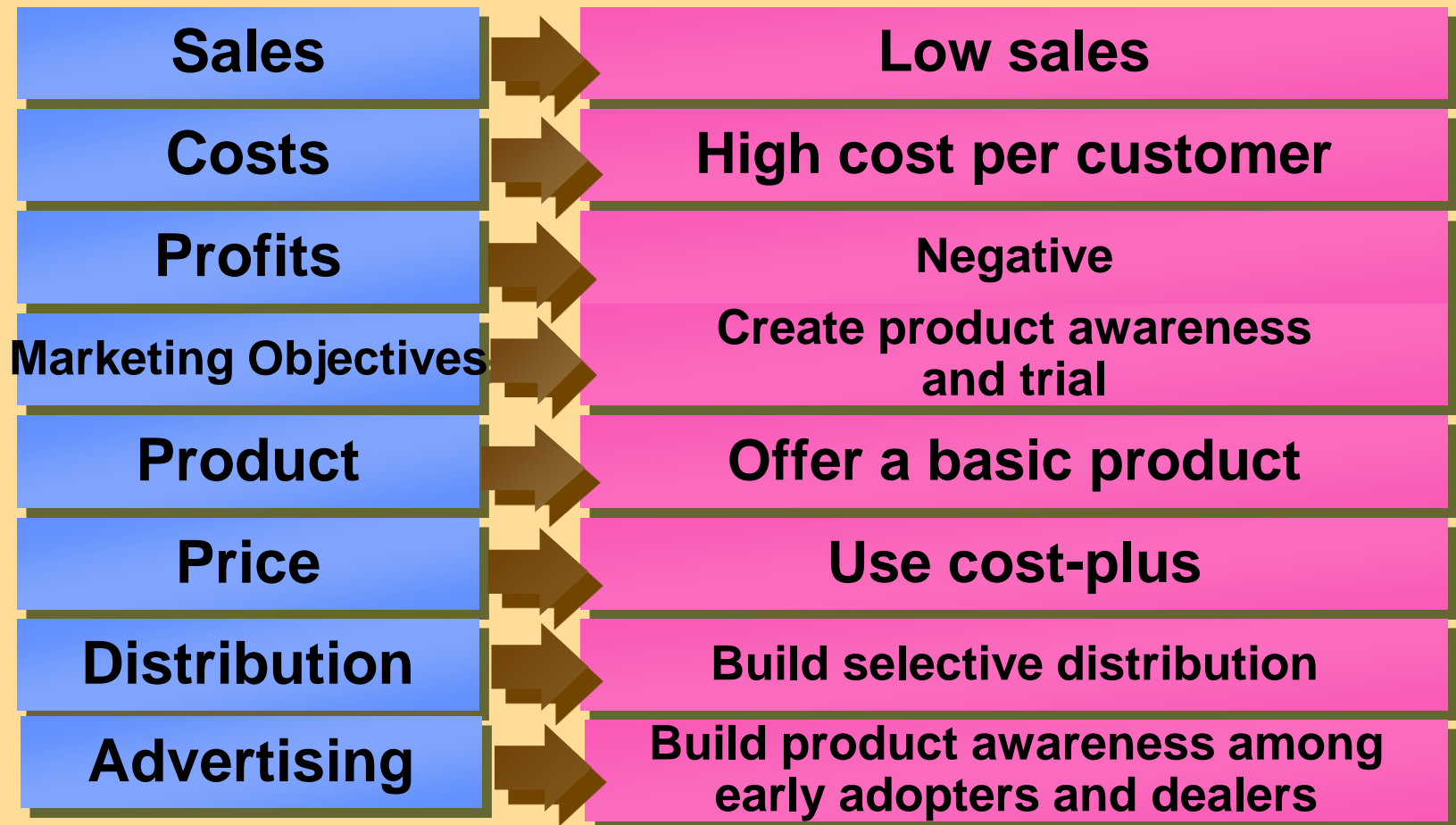
Sales and Profits Over the Product's Life From Inception to Demise



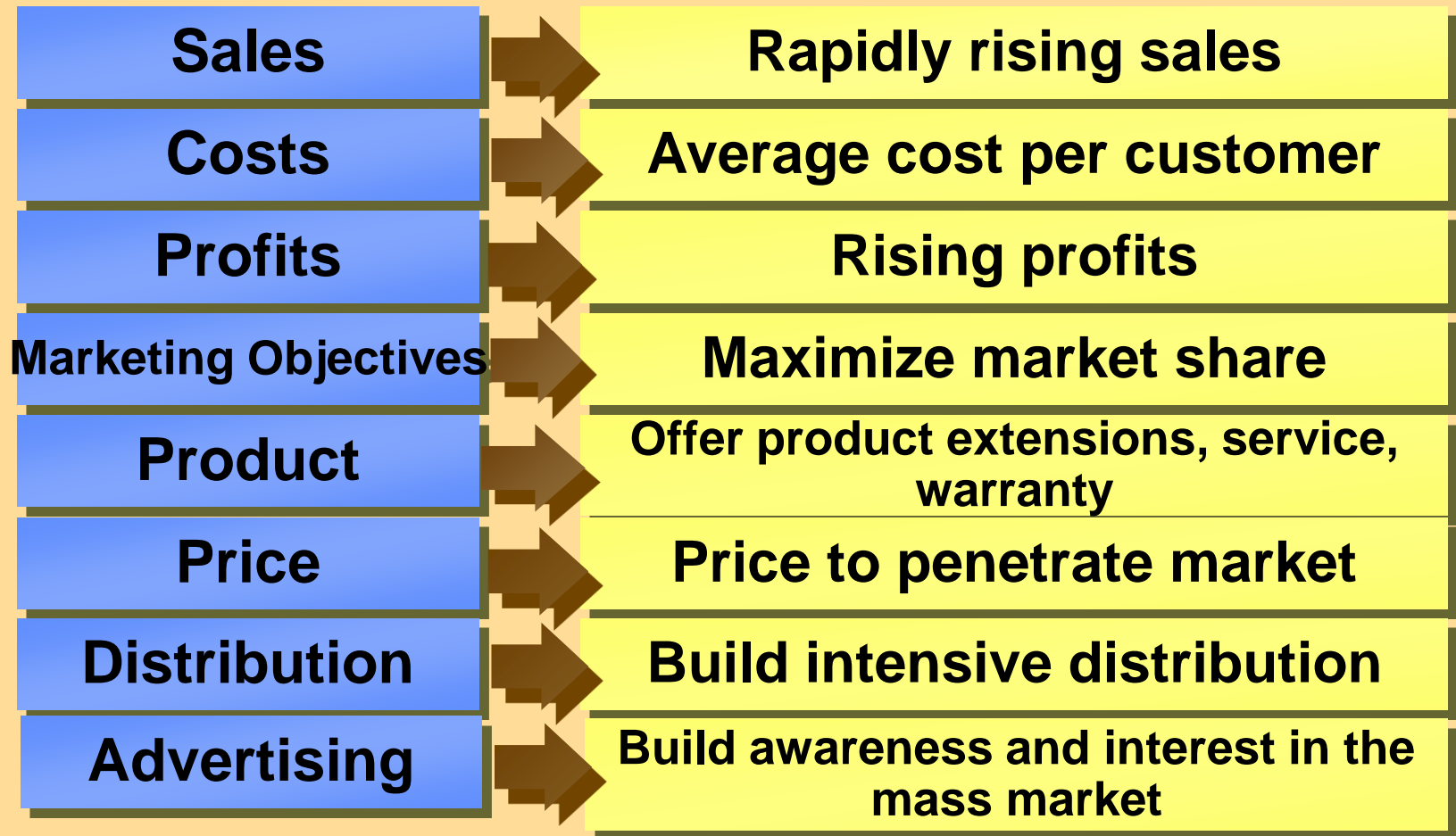




# Introduction Stage of the PLC



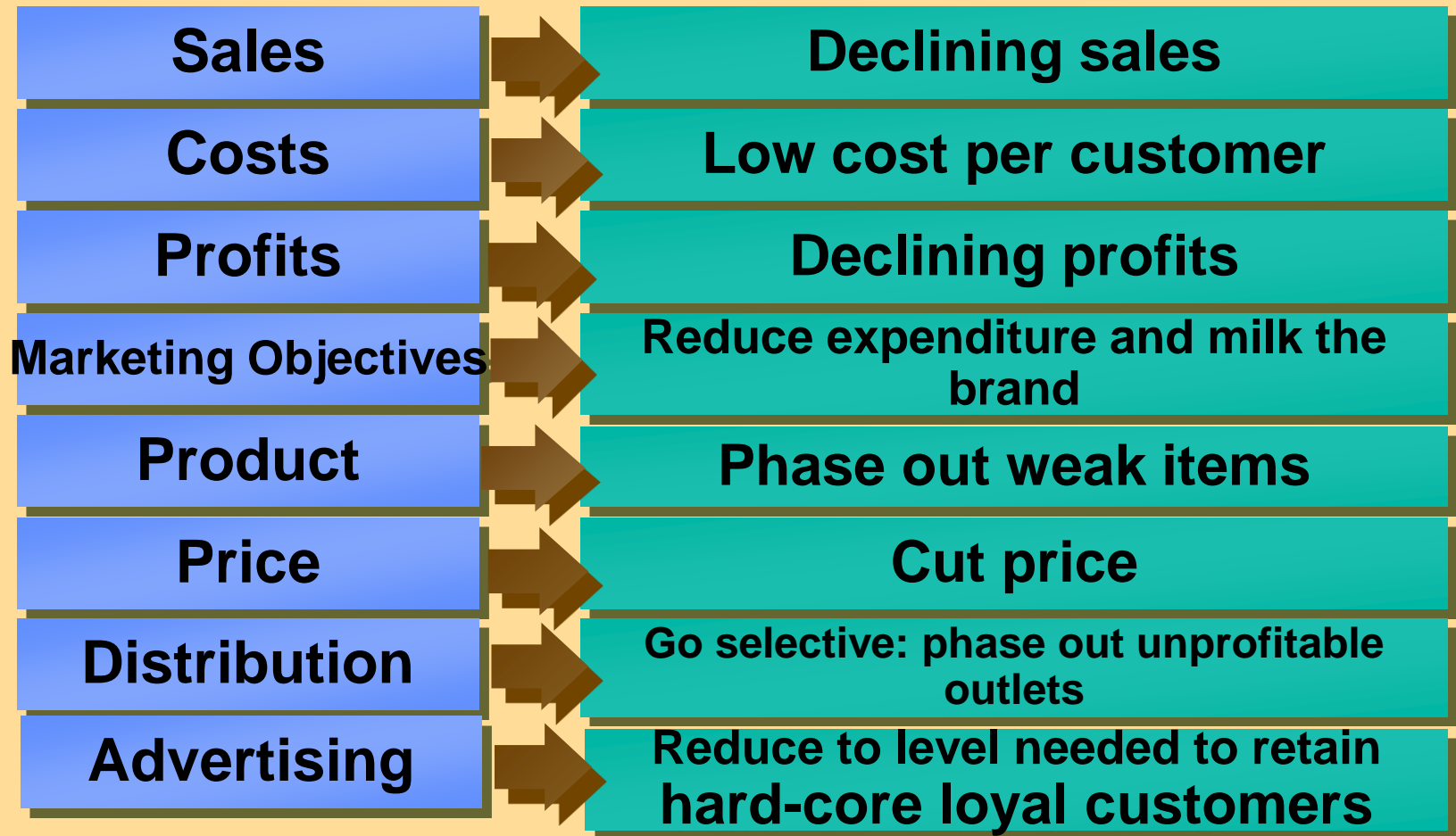
# Growth Stage of the PLC



# **Maturity Stage of the PLC**



# Decline Stage of the PLC





# Product Deletion Process

