

Chapter 11

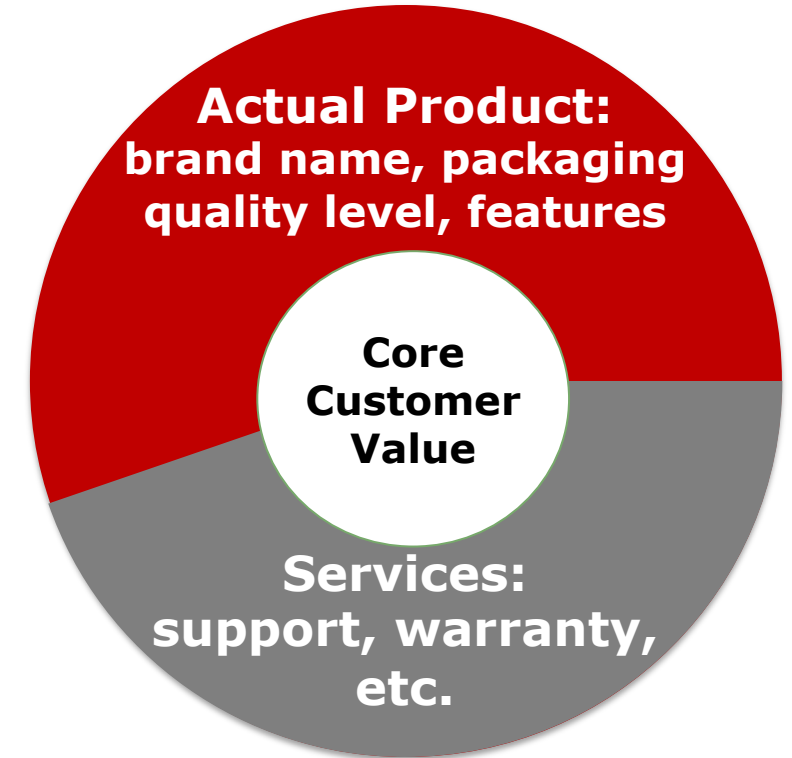
Product, branding, and packaging decisions

- Describe the components of a product.
- Identify the types of consumer products.
- Explain the difference between a product mix's breadth and a product line's depth.
- Identify the advantages that brands provide firms and consumers.
- Explain the various components of brand equity.
- Explain brand strategies.
- Indicate the advantages of a product's packaging.

Complexity of Products

A BMW is not just a car...

- Warranties included
- Free car washes at some dealers
- Free airport parking in some cities
- Free shuttle service to airport
- Reputation, image
- Financing options



Types of Products



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

UNSOUGHT PRODUCTS
NEW INNOVATIONS

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



Understanding the distinctions among all of these categories will help you create more effective marketing strategies for your products.

BUY

- Low
- Many locations
- Includes:
 - Staple goods
 - Impulse goods
 - Emergency goods

- locations
- Compare for:
 - Suitability & quality
 - Price & Style

- Few purchase locations

and personal selling

Product Mix & Product Line Decisions

Product mix breadth
(number of product lines)

Product line

Abbreviated List of BMW Product Mix

Product Lines

BMW	MINI	Rolls-Royce	Motorrad
2 Series	Clubman	Ghost	C Series
3 Series	Convertible	Phantom	F Series
4 Series	Countryman	Wraith	G Series
5 Series	Coupe		K Series
6 Series	Hardtop		R Series
7 Series	John Cooper		S Series
X Series	Works		
Z4 Series	Paceman		
M Series	Roadster		
BMW i			
Hybrid			

Product mix depth
(number of products
within a product line)

Product Mix & Product Line Decisions

Problem of having too many products

- Costly to maintain
- Too many brands may weaken firm reputation
- Cannibalization of products if they are too similar

Product Mix & Product Line Decisions

Why increase product mix depth?

- Changes in consumer preferences (e.g., new flavors, movies)
- Competition

Why decrease product mix depth?

- Reallocate firm resources
- Unprofitable or low-margin items

Product Mix & Product Line Decisions

Why increase product mix breadth?

- Capture new markets
- Increase sales

Why decrease product mix breadth?

- Changes in market conditions
- Changes in priorities

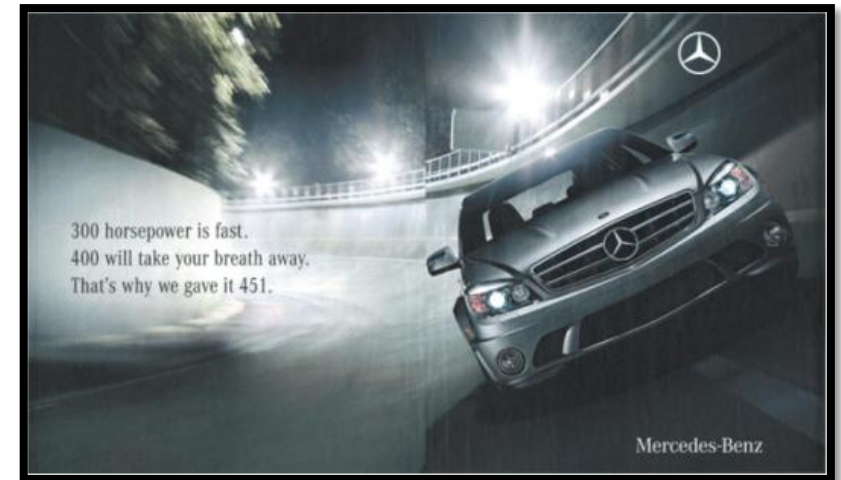
Creating a brand image can involve: name, logo symbols, characters, slogans, jingles, and even distinctive packaging.

Brand Mantra is also important!

Offers a quick, simple, and clear definition on what a company stands for how it is different from its competitors, e.g.

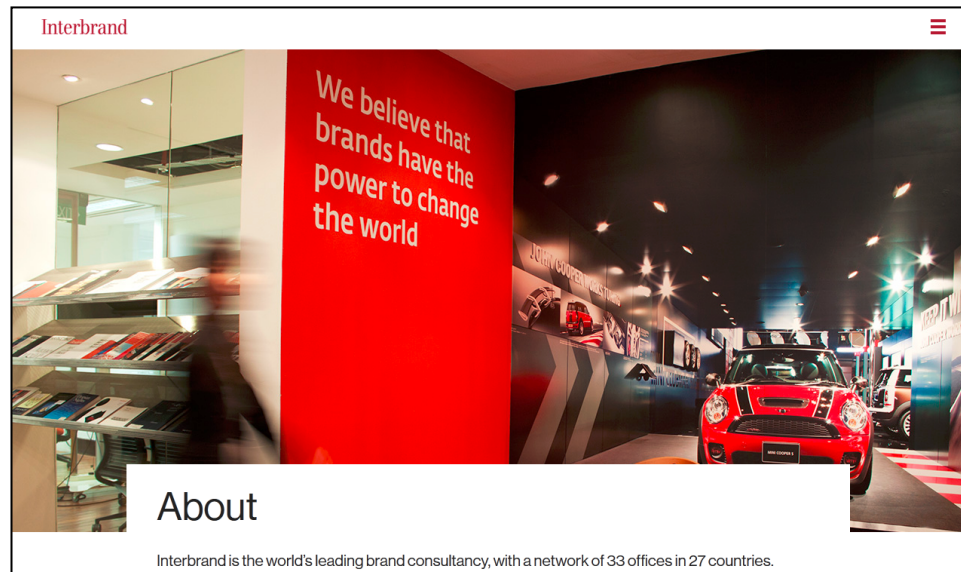
- **Nike:** Authentic Athletic Performance
- **Disney:** Fun Family Entertainment
- **Ritz-Carlton:** Ladies & Gentlemen
Serving Ladies & Gentlemen
- **BMW:** Ultimate Driving Machine

Images, feelings:



Brand Consultancies

Interbrand is an American global branding consultancy offering a wide array of brand services including brand strategy, brand analytics, brand valuation, corporate design, digital brand management, packaging design, and naming. Interbrand is among the world's largest brand consultancies and now includes over 40 offices in nearly 30 countries.



The "Client List" of **Interbrand**, which you can access from their website, demonstrates the importance of branding in today's global economy.

Value of Branding for the Customer and the Marketer

"We valued the brands based on their financial metrics. Our first step was to determine earnings before interest and taxes for each brand..."

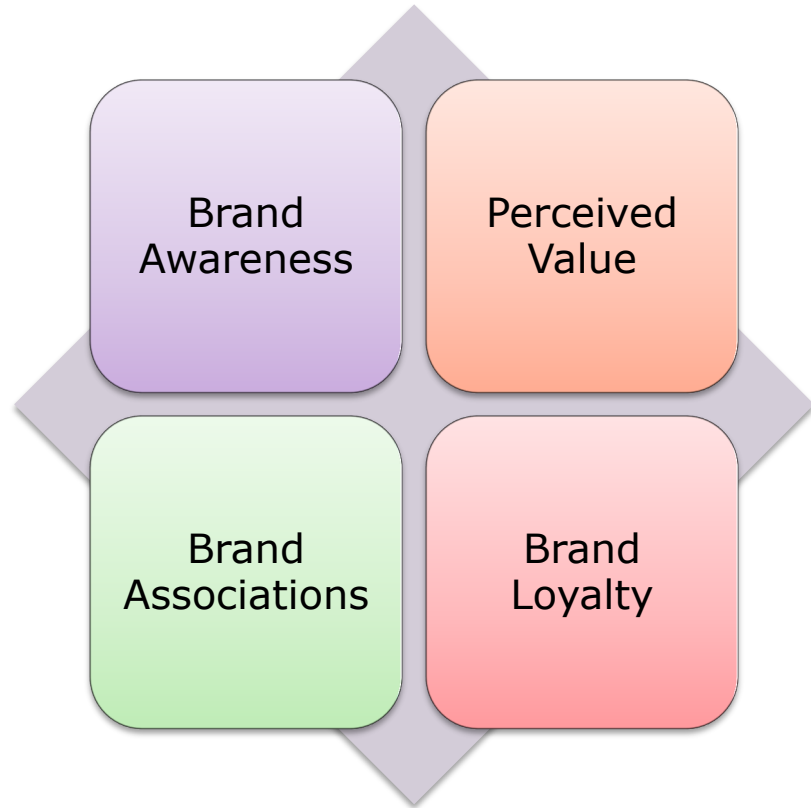
- Forbes.com

<http://www.forbes.com/powerful-brands/>

The above is an interesting article about the world's most powerful brands, and the metrics and methodology used to identify them.



Brand Equity



The commercial value of a brand that derives from **consumer perception of the brand name** of a particular product or service, rather than from the product or service itself.

- How well known is this brand?
- What does this brand represent for consumers?
- How much of a **premium** are consumers willing to pay for my brand vs. a similar but generic (not branded) product?

Brand awareness



When you need a tissue, do you ask for a tissue, or for a Kleenex? When you're ordering a drink at a fast-food restaurant, do you ask for a soda, or a Coke? What about when you cut yourself? Do you look for a plastic bandage, or a Band-Aid?

Perceived value

- How do discount retailers like Target, T.J. Maxx, and H&M create value for customers?



Perceived value

- How do discount retailers like Target, T.J. Maxx, and H&M create value for customers?



These retailers offer designer products at reduced prices. In some cases, they use well-known designers for their lines of clothing.

Perceived value



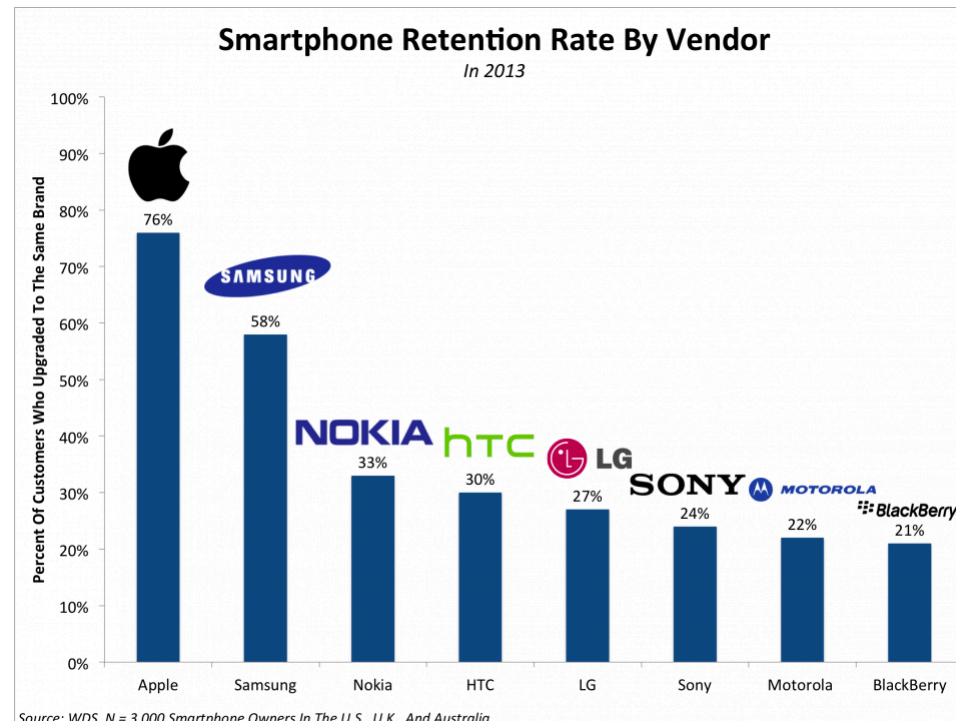
Brand association



Stylish
Innovation
High-Tech

Brand loyalty

- Consumers are often less sensitive to price
- Marketing costs are much lower
 - No need to advertise a lot
- Firm insulated from the competition



Set of strategies to create and manage brands

Manufacturer brands
(are also referred to as **national brands**)



(Costco's private label brand)

Private-label brands or Store Brands

- Generic
- Often imitations of national brands (sometimes leads to lawsuits)

Strategies: Brand Extension

- Refers to a new product created under an already-established brand name.
- What are the advantages of a brand extension?



Strategies: Brand Extension

- Refers to a new product created under an already-established brand name
- What are the advantages of a brand extension?
 - The firm can spend less on creating brand awareness! Positive consumer acceptance will spread to the new product.



Refers to the practice of marketing two or more brands together

- E.g., Nike Apple Watch, Red Bull and GoPro



Contractual agreement between firms whereby one firm allows another firm to use its brand



Firm change a brand's focus to target a new market or realign the brand values with the current market preferences



- Uber 2016
 - <https://www.youtube.com/watch?v=axjXNEordH8>
- Uber 2018
 - <http://incitrio.com/ubers-ad-campaign-is-the-beginning-of-a-new-brand-image/>
 - <https://youtu.be/k9dzpRzSdnA>

Often overlooked as a marketing tool, packaging helps determine the success of a product.



FUNCTIONS: Preserve, protect, inform, promote, etc.