

Principles of Marketing

8—1

Session 8

Product, Services and Branding Strategy

Text: Chapter 8



Outline

8-2

- I. What is a Product**
- II. Product and Service Decisions**
- III. Branding Strategy**
- IV. Services Marketing**



I. What is a Product?



I-1. Levels of Product

8—4

➤ **Augmented Product**

Delivery & Credit, Installation, After-Sale Service, Warranty

➤ **Actual Product**

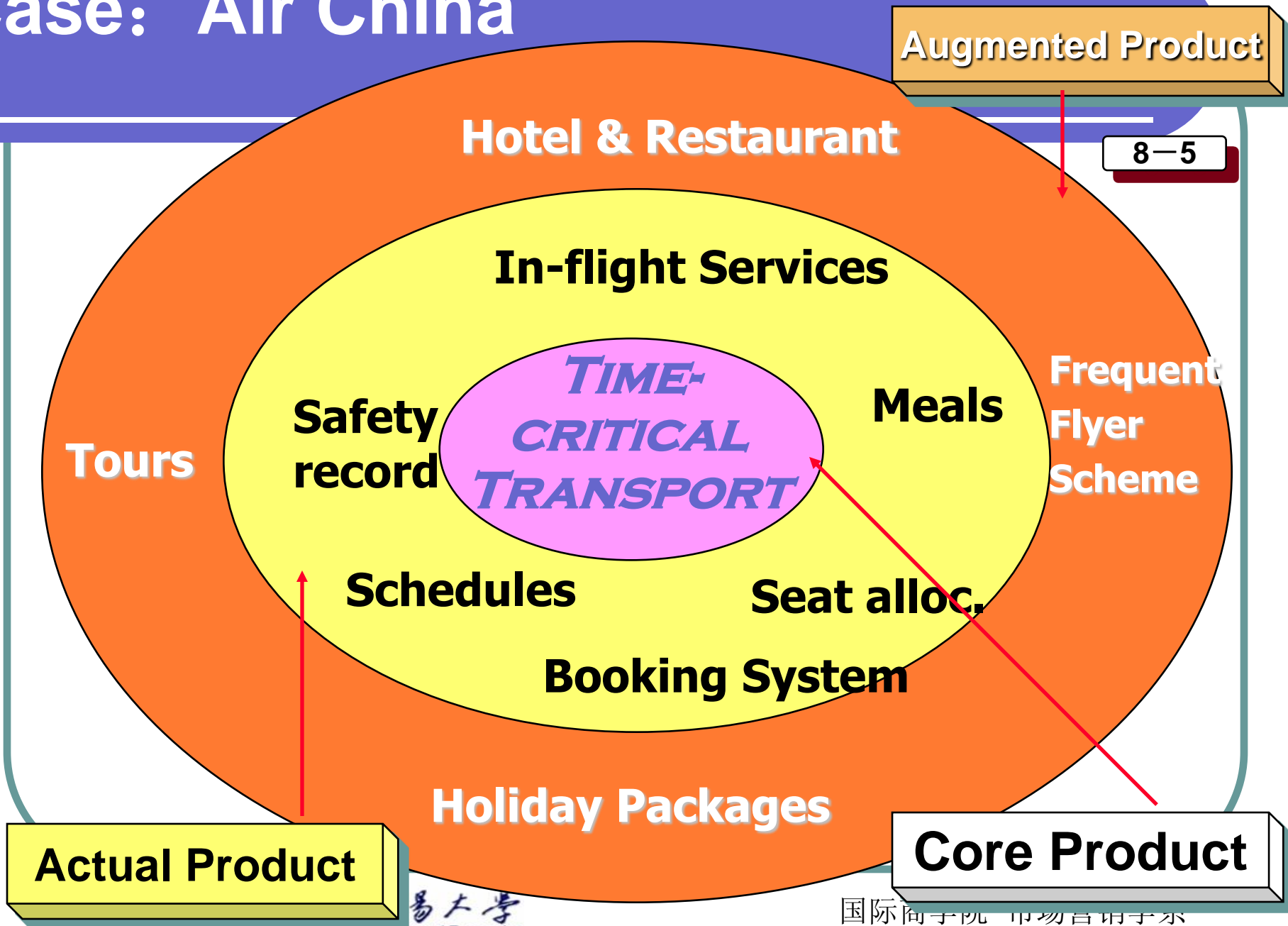
Packaging, Features, Styling, Quality, Brand Name

➤ **Core Product**

Benefit or Service



Case: Air China



Discussion

8—6

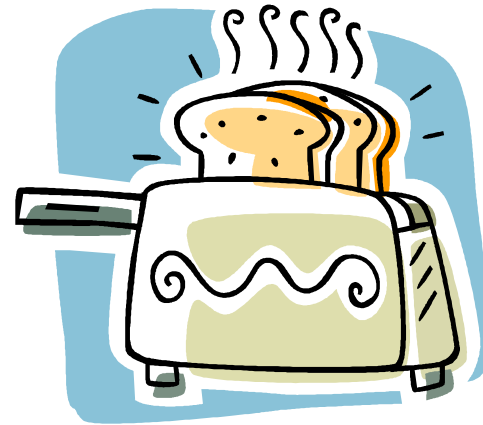
- 1. What core benefit do you seek when you “buy” a high education service ?**
- 2. Elaborate the actual product (second level) of this service.**
- 3. In your view, what make up the augmented product?**



I-2. Product and Service Classification

8-7

- **Consumer Product**
- **Industrial Product**



(1) Consumer Product Classifications

8—8

Types of Consumer Products

- **Convenience Goods**
- **Unsought Goods**
- **Shopping Goods**
- **Specialty Goods**



(2) Industrial Product Classifications

8—9

Types Of Industrial Products

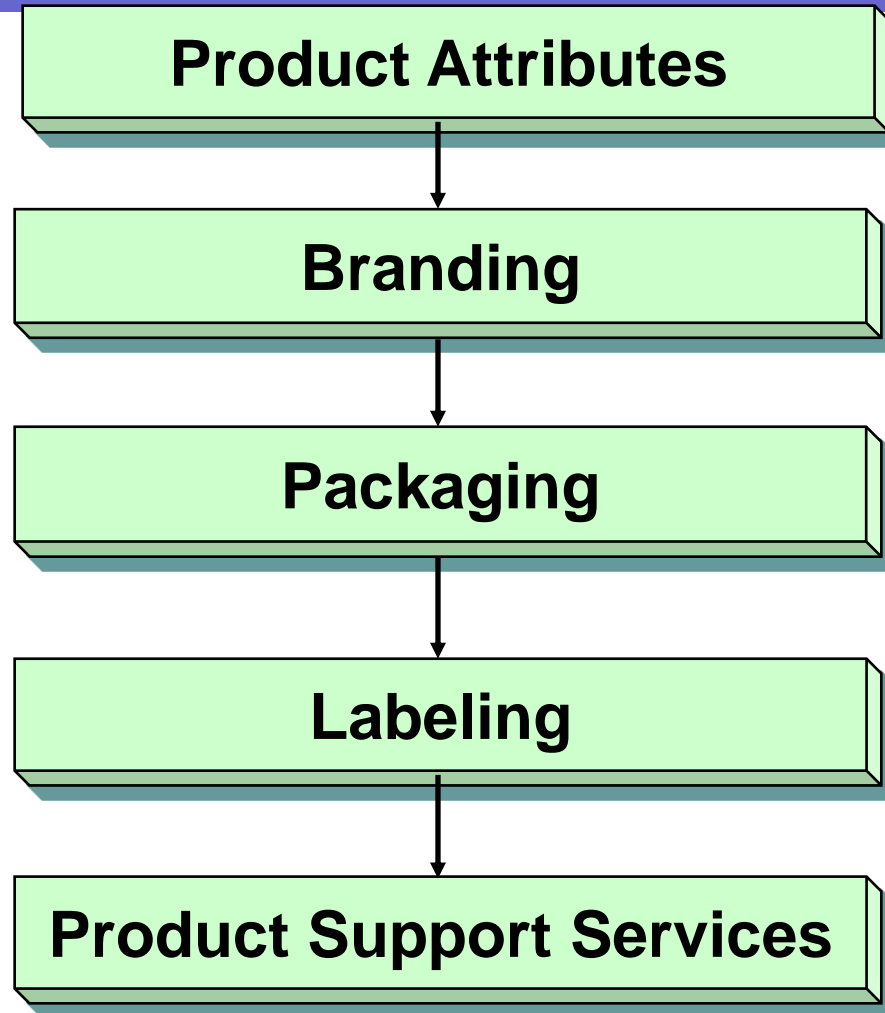
- **Materials and Parts**
- **Capital Items**
- **Supplies and Services**



II. Product and Service Decisions

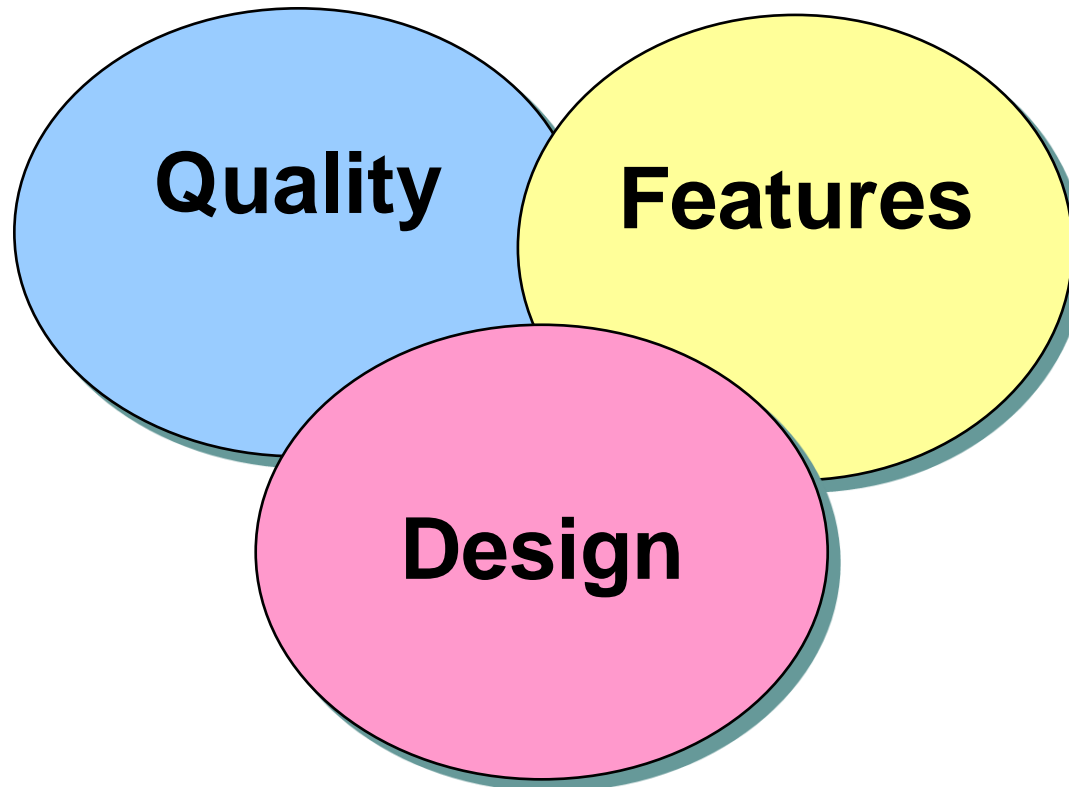
II-1. Individual Product Decisions

8-11



(1) Product Attribute Decisions

8-12



(3) Packaging



8-13

➤ Packaging

Immediate, Secondary, Shipping

➤ Labeling

Identifies, Describes, Promotes

Packaging Objectives

8-14

- Identify the brand
- Convey descriptive and persuasive information
- Facilitate product transportation and protection
- Assist at-home storage
- Aid product consumption

Functions of Labels

8—15

Nutrition Facts	
Serving Size ½ cup (114g) Servings Per Container 4	
Amount Per Serving	
Calories 90	Calories from Fat 30
% Daily Value*	
Total Fat 3g	5%
Saturated Fat 0g	0%
Cholesterol 0mg	0%
Sodium 300mg	13%
Total Carbohydrate 13g	4%
Dietary Fiber 3g	12%
Sugars 3g	
Protein 3g	
Vitamin A 80%	Vitamin C 60%
Calcium 4%	Iron 4%
* Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs:	
	Calories: 2,000 2,500
Total Fat	Less than 65g 80g
Sat Fat	Less than 20g 25g
Cholesterol	Less than 300mg 300mg
Sodium	Less than 2,400mg 2,400mg
Total Carbohydrate	300g 375g
Dietary Fiber	25g 30g
Calories per gram: Fat 9 • Carbohydrate 4 • Protein 4	

Identifies

Grades

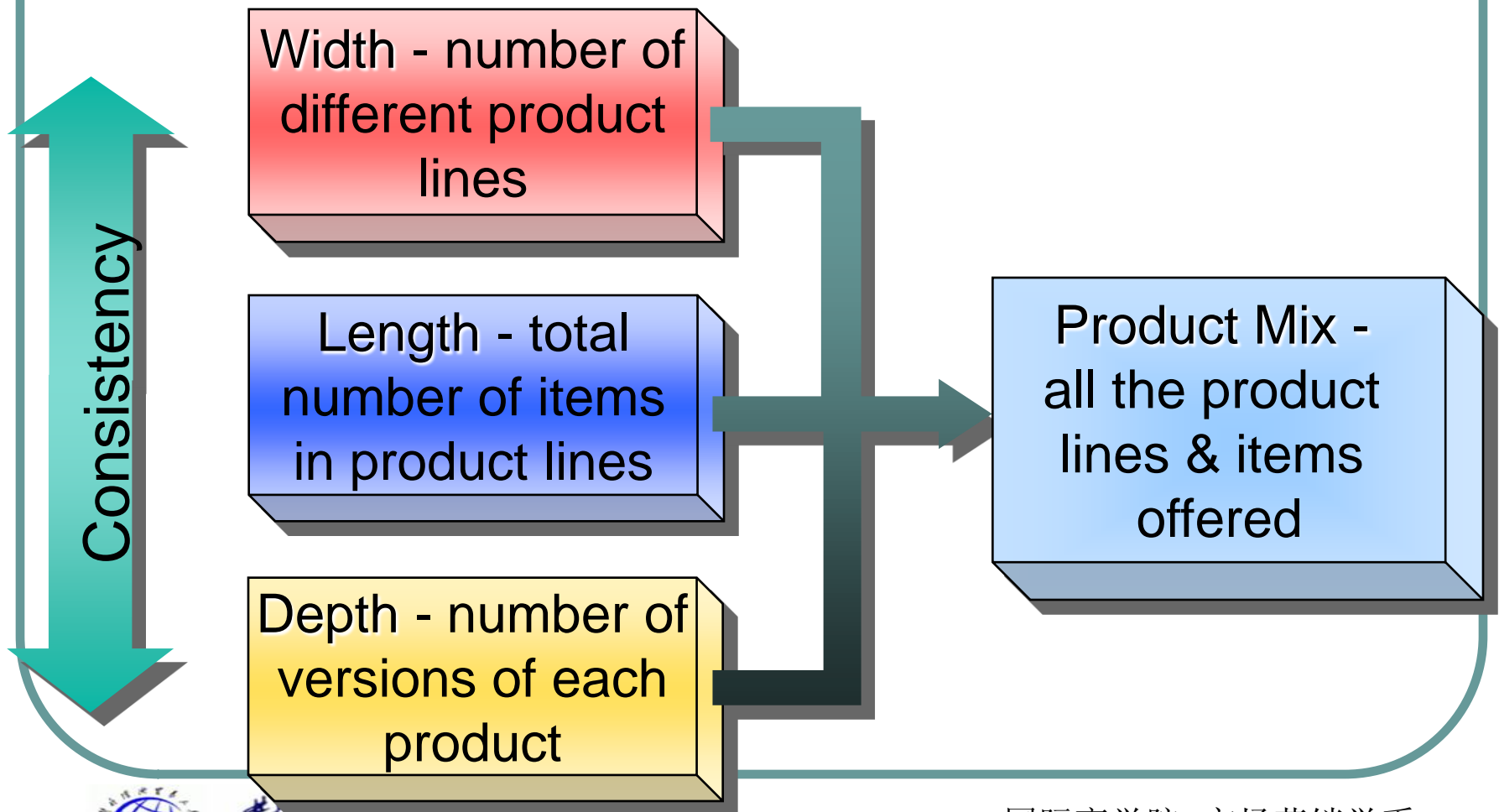
Describes

Promotes

II-2. Product Line Decision

Product Mix Decisions

8-17



Product-Mix Width and Product-Line Length for Proctor & Gamble Products

Product-Mix Width

	Detergents	Toothpaste	Bar Soap	Disposable Diapers	Paper Tissue
PRODUCT-LINE LENGTH	Ivory Snow (1930)	Gleem (1952)	Ivory (1879)	Pampers (1961)	Charmin (1928)
		Crest (1955)			
	Dreft (1933)		Kirk's (1885)	Luvs (1976)	Puffs (1960)
	Tide (1946)		Lava (1893)		Banner (1982)
	Cheer (1950)		Camay (1926)		Summit (1992)

Line Stretching

8-19

Up-Market Stretch

Down-Market Stretch

Two-Way Stretch

Line-Filling



- 燕京黑啤
- 燕京无醇
- 果汁啤酒
- 清爽啤酒



丰田产品线的延伸

8-20

质量

		经济	标准	好	优
价格	高				凌志 (高层经理)
	偏高			佳美 (中产阶级)	
	一般		卡罗纳 (一般家庭)		
	低	小明星 (初次购买者)			



III. Branding Strategy

III-1. Brand Equity

8-22

- **Brand equity** (品牌资产) is the positive differential effect that knowing the brand name has on customer response to the product or service
- One measure of equity is the extent to which customers are willing to pay more for the brand
- Brand valuation is the process of estimating the total financial value of a brand



BRAND EQUITY

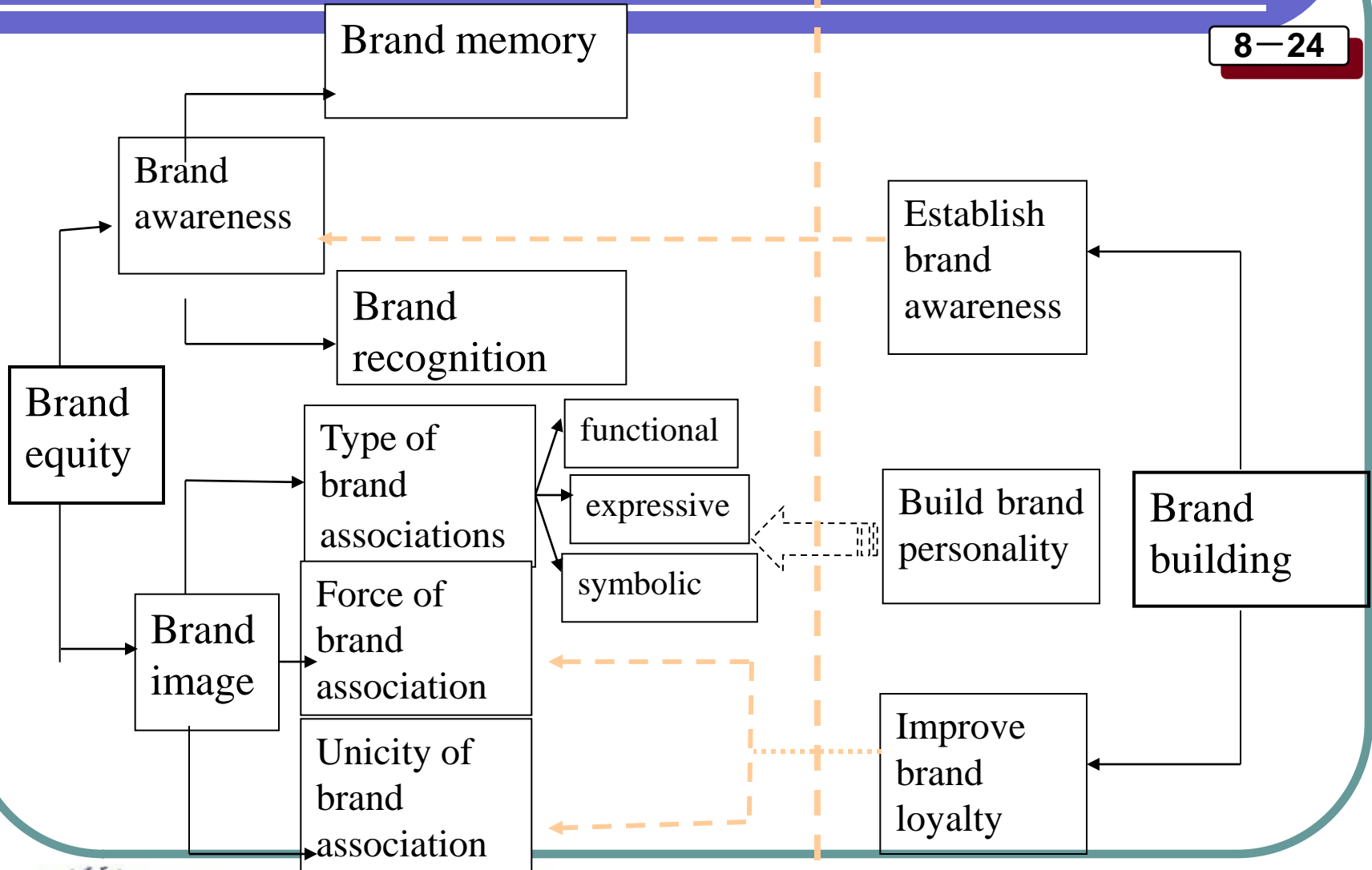
8-23

1. *The marketing output uniquely due to the brand (Keller, 1993);*
2. *The volume of cash-flow that results from the commercialization of one product or service with brand compared with that same product or service without brand (Guillaume, 1993)*



III-1. Brand Equity Analysis

8-24



III-2. Major Brand Strategy Decisions

8—25

Brand Positioning

Attributes, Benefits,
Beliefs and Value



Brand Name Selection

Selection
Protection



Brand Sponsorship

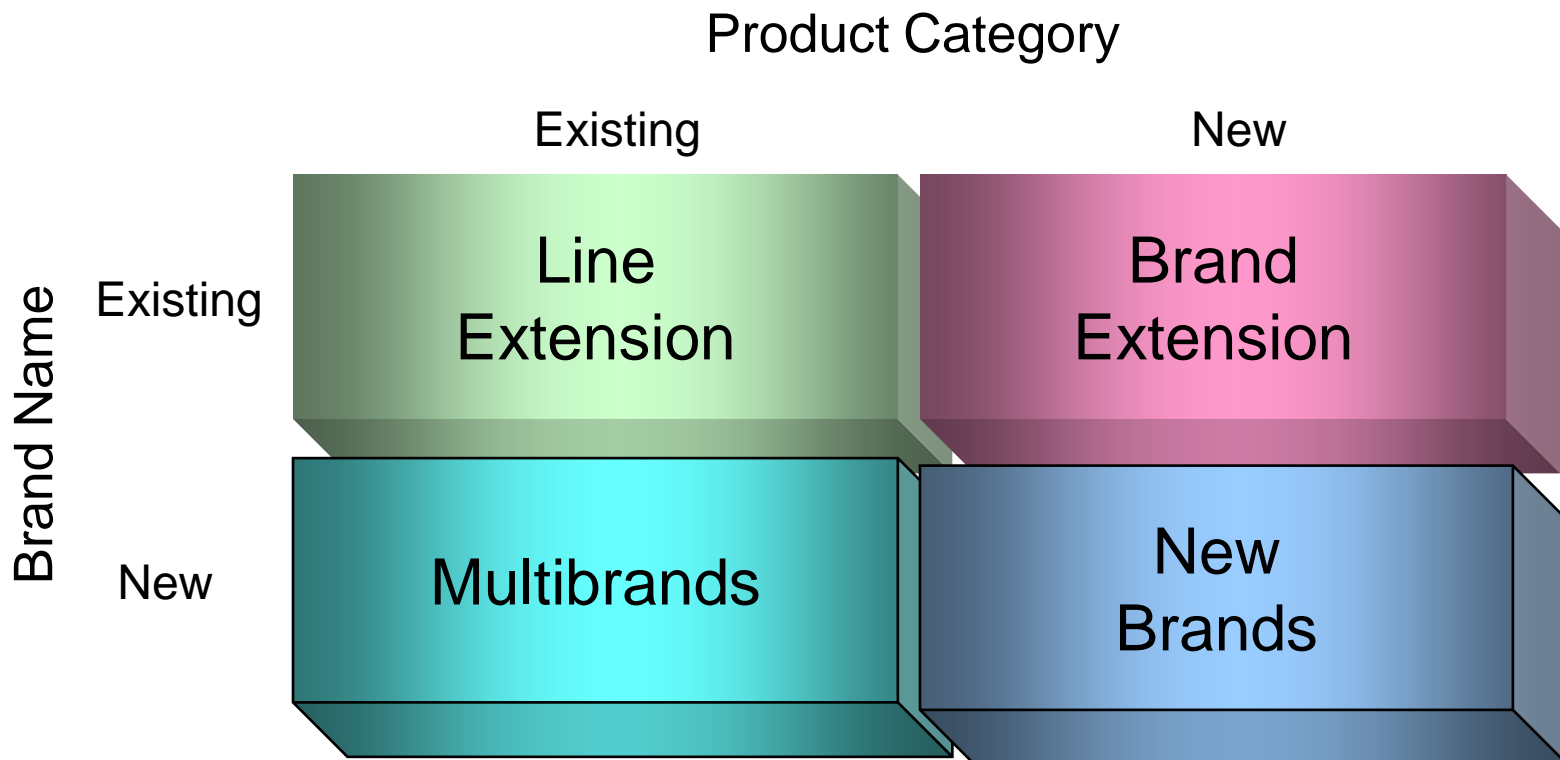
Manufacturer's Brand, Private Brand
Licensing, Co-branding



Brand Development

Line/Brand Extensions
Multibrands, New Brands

Brand Development Strategies



Product Representativity within a brand

8-27



1. Refrigerator
2. Wash Machine
3. Air Conditioner
4. Television
5. Computer



BRAND IMAGE

8—28

- **It means all of the associations that Consumers hold with a specific brand.**
- ***Because of these associations, brand becomes valuable to company. That means it becomes brand equity.***



2011年全球最佳100家品牌榜单

2011 Ranking of the Top 100 Brands

8-29

Print

+	Rank	Previous Rank	Brand	Region/Country	Sector	Brand Value (\$m)	Change in Brand Value
+	1	1		United States	Beverages	71,861	2%
+	2	2		United States	Business Services	69,905	8%
+	3	3		United States	Computer Software	59,087	-3%
+	4	4		United States	Internet Services	55,317	27%
+	5	5		United States	Diversified	42,808	0%
+	6	6		United States	Restaurants	35,593	6%
+	7	7		United States	Electronics	35,217	10%
+	8	17		United States	Electronics	33,492	58%
+	9	9		United States	Media	29,018	1%
+	10	10		United States	Electronics	28,479	6%

品牌价值=经济利润×品牌作用×（贴现后的）品牌强度。



Local Case: 上汽自主品牌“荣威”

8-30

- 情况:**
- 上海汽车集团公司2006年欲收购英国罗孚商标，作为迈向国际市场的第一步
- 困难:**
- 2006年9月，福特汽车突然出手，行使优先权收购了罗孚商标
- 解决:**
- 2006年10月，上汽集团发布自主品牌荣威，并于2007年3月交付新车

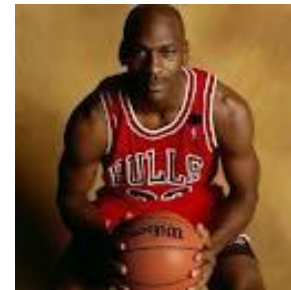


How did Nike build its brand?



8-31

- Superior products
- Symbol of sport spirit and healthy life
- Links with sport stars
- Outstanding integrated marketing communication



How did Nike build its brand?

8-32

➤ Ads

- Build basketball playground for intern cities
- Give Nike product to middle school students
- Other communication channels

➤ Brand extension, investment in other fields making use of its brand equity (such as retailers and sport group)



IV. Services Marketing



III. Services Marketing

8-34

What is a service?

- An act or performance offered by one party to another. (Performances are intangible, but may involve use of physical products.)
- An economic activity that does not result in ownership
- A process that creates benefits by facilitating a desired change in customers themselves, physical possessions or intangible assets

-- *Christopher Lovelock*



Some Industries in the Service Sector

8—35

- Banking, stockbroking
- Lodging
- Restaurants, bars, catering
- Insurance
- News and entertainment
- Transportation (freight and passenger)
- Health care
- Education
- Wholesaling & retailing
- Laundries, dry cleaning
- Repair and maintenance
- Professional
(e.g., law, architecture, consulting)



Characteristics of Services

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Intangibility



Inseparability

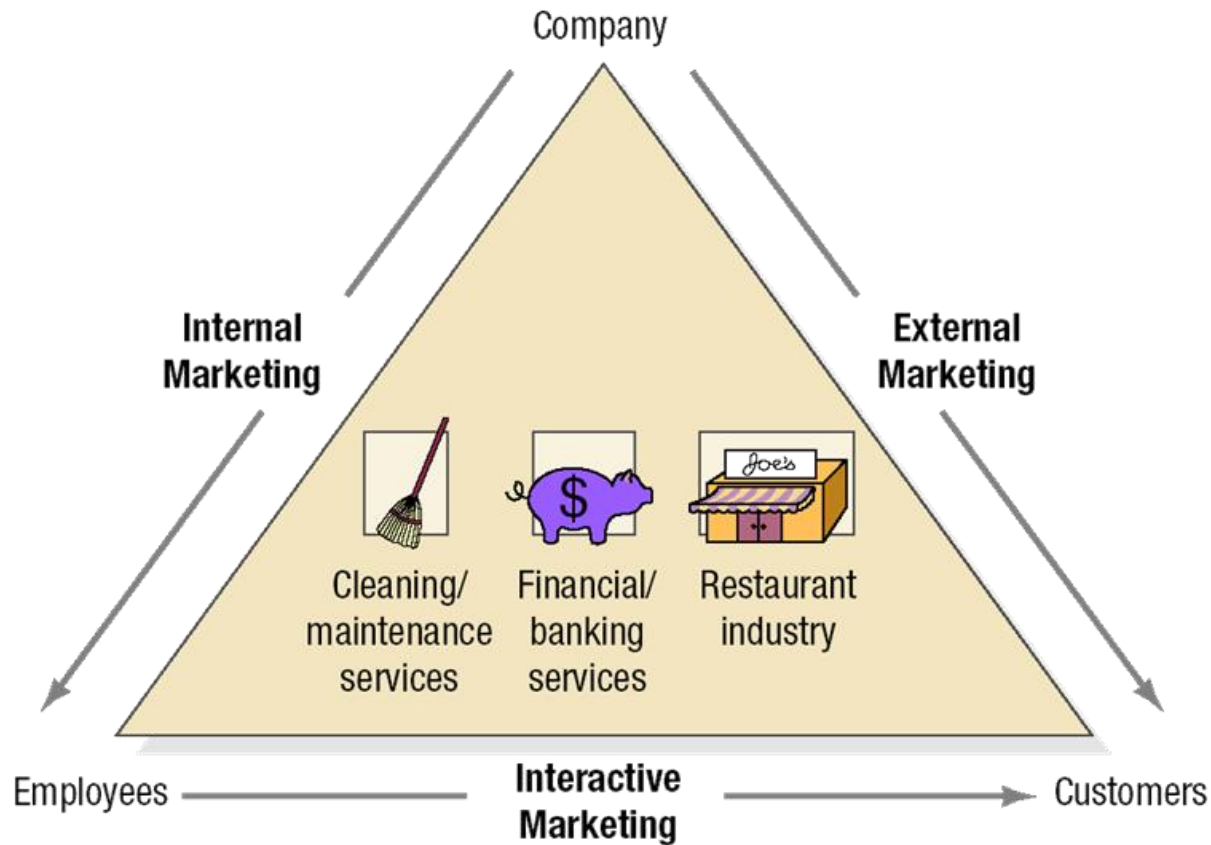


Variability

Perishability

Three Types of Marketing in Service Industries

8-37



Developing Brand Strategies for Services

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Choosing
Brand Elements



Establishing
Image Dimensions



Devising
Branding Strategy



Managing Service Brands

8-39

- **Differentiate the brand** through primary and secondary service features.
- **Effective branding programs** for services often employ multiple brand elements.
- **Brand hierarchies and portfolios** can help establish image dimensions to reinforce or complement service offerings.



Determinants of Service Quality

8-40

Reliability

Responsiveness

Assurance

Empathy

Tangibles



Questions

8-41

1. Analyze and describe the different brand personalities of three typical car brands in China (e.g. 斯柯达、荣威、哈弗). What are the major advantages and disadvantages of the brands? Are they successful in building their brands?
2. How come that 海底捞 has won such popularity? Try to interpret its success with the services marketing theory.

● Case: 李瑛, 《海底捞的商业模式》,

《IT经理世界》第250期, 经理世界网:

<http://www.ceocio.com.cn/12/93/318/181/36206.htm>, 2008-8-20

