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

Actual Product:
brand name, packaging
quality level, features

Core Customer Value

Services:
support, warranty,
etc.

Types of Products

CONVENIENCE PRODUCTS	SHOPPING PRODUCTS	SPECIALTY PRODUCTS	UNSOUGHT PRODUCTS
BUY FREQUENTLY AND IMMEDIATELY	**BUY LESS FREQUENTLY**	**SPECIAL PURCHASE EFFORTS**	**NEW INNOVATIONS**
- Low priced - Many purchase locations - Includes: • *Staple goods* • *Impulse goods* • *Emergency goods*	- Gather product information - Fewer purchase locations - Compare for: • *Suitability & quality* • *Price & Style*	- Unique characteristics - Brand Identification - Few purchase locations	- 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
- Ma
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 3 Series 4 Series 5 Series 6 Series 7 Series X Series Z4 Series M Series BMW i Hybrid	Clubman Convertible Countryman Coupe Hardtop John Cooper Works Paceman Roadster	Ghost Phantom Wraith	C Series F Series G Series K Series R Series S Series

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

Problem of having too many products

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

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

Why increase product mix breadth?

- – Capture new markets
- – Increase sales

Why decrease product mix breadth?

- – Changes in market conditions
- – Changes in priorities

Product Line Decisions

- How is this changing the product mix? Does it increase breadth or depth?
- Is this research or advertising?

Creating a brand image involves a lot of things including firm name, logo, characters, slogans, jingles, and even distinctive packaging.
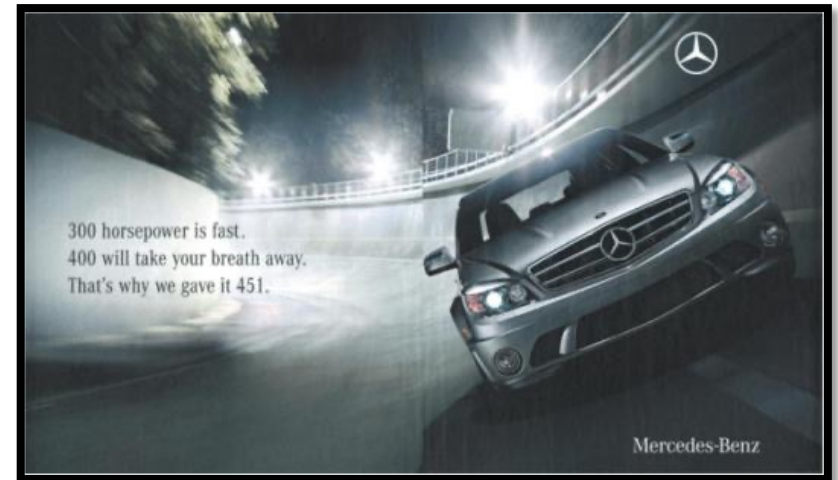**Brand Mantra** is also important!

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:

300 horsepower is fast.
400 will take your breath away.
That's why we gave it 451.

Mercedes-Benz

Brand elements

Brand Element	Description
Brand name	The spoken component of branding, it can describe the product or service characteristics and/or be composed of words invented or derived from colloquial or contemporary language. Examples include Comfort Inn (suggests product characteristics), Apple (no association with the product), or Zillow.com (invented term).
URLs (uniform resource locators) or domain names	Locations of pages on the Internet, which often substitute for the firm's name, such as Toyota (**http://www.toyota.com**).
Logos and symbols	Visual branding elements that stand for corporate names or trademarks. Symbols are logos without words. Examples include the McDonald's arches.
Characters	Brand symbols that could be human, animal, or animated. Examples include the Energizer Bunny and Rice Krispies's Snap, Crackle, and Pop.
Slogans	Short phrases used to describe the brand or persuade consumers about some characteristics of the brand. Examples include State Farm's "Like A Good Neighbor" and Dunkin' Donuts's "America Runs On Dunkin'."
Jingles/Sounds	Audio messages about the brand that are composed of words or distinctive music. An example is Intel's four-note sound signature that accompanies the Intel Inside slogan.

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.
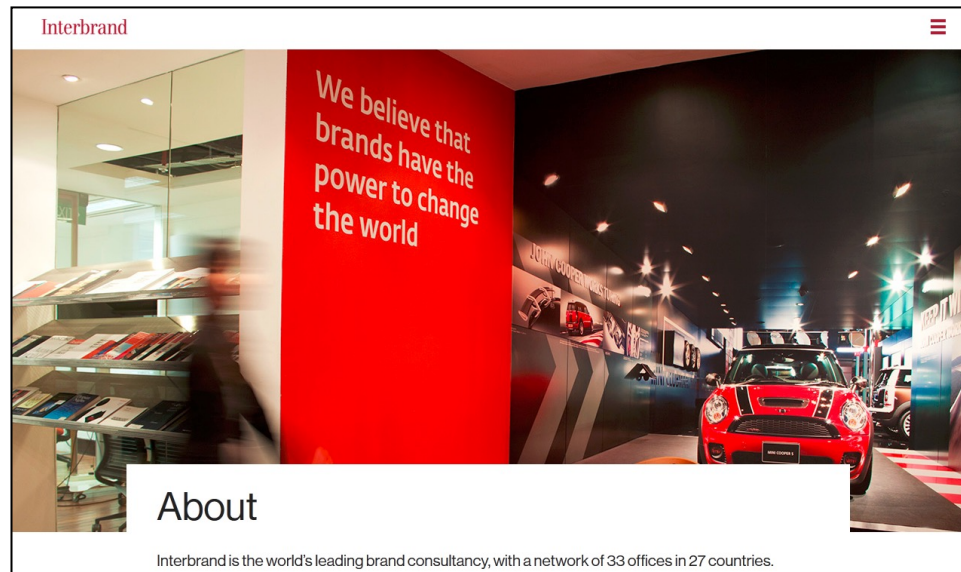
The "Client List" of **Interbrand**, which you can access from their website, demonstrates the importance of branding in today's global economy: https://interbrand.com/best-brands/

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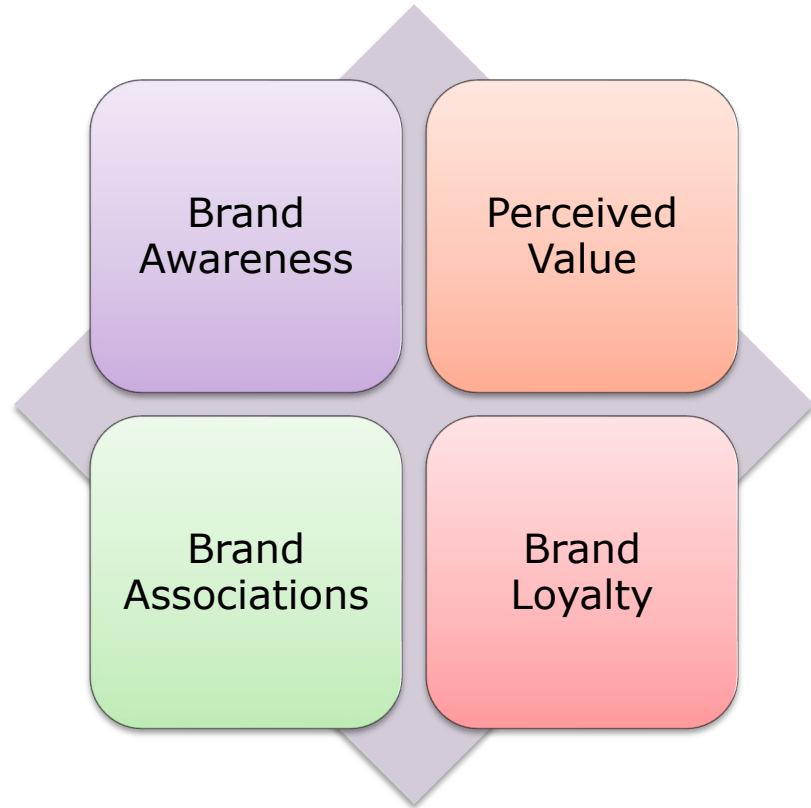
— Forbes.com

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.

Facilitate Purchasing

Establish Loyalty

Protect from Competition

Brands are Assets

Impact Market Value

Brand Equity

Brand Awareness	Perceived Value
Brand Associations	Brand Loyalty

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

iPhone owners gave four reasons for sticking with Apple:

- Like iPhone best or never had an issue with it: 65%
- Locked into the ecosystem: 21%
- Switching from iOS to Android is too much hassle: 10%
- Prefer to stick to what they know: 8%

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)

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- Refers to a new product created under an already-established brand name.

Strategies: Brand Extension

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

- Refers to a new product category 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.

https://www.adweek.com/brand-marketing/best-and-worst-brand-extensions-146966/

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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 it 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.