

OXFORD
Southern Africa

Marketing

Second SA edition
Charles W. Lamb, Jr.
Joseph F. Hair, Jr.
Carl McDaniel
Christo Boshoff
Nic S. Terblanche

**Chapter 8:
Product Decisions**

8 - 1

OXFORD
Southern Africa

Introduction

- What is a product?
 - "physical" manifestation of need satisfaction efforts
 - can be tangible and intangible
- Product levels
 - the core benefit
 - the basic product
 - the expected product
 - the augmented product
 - the potential product

8 - 2

OXFORD
Southern Africa

Types of Consumer Products

```

    graph TD
      Products --> ConsumerProducts[Consumer Products]
      Products --> BusinessProducts[Business Products]
      ConsumerProducts --> ConvenienceProducts[Convenience Products]
      ConsumerProducts --> ShoppingProducts[Shopping Products]
      ConsumerProducts --> SpecialityProducts[Speciality Products]
      ConsumerProducts --> UnsoughtProducts[Unsought Products]
      ConvenienceProducts --- CList["• Staples  
• Impulse  
• Emergency"]
      ShoppingProducts --- SList["• Homogeneous  
• Heterogeneous"]
      UnsoughtProducts --- UList["• New unsought  
• Regularly unsought"]
    
```

8 - 3

OXFORD
Southern Africa

Product Item, Line and Mix

- Product item - single product
- Product line - group of related products
- Product mix - all the products a firm sells

8 - 4

OXFORD
Southern Africa

Gillette's Product Lines & Mixes

← **Width of the product mix** →

Length of the product lines ↓	Blades and razors	Toiletries	Writing instruments	Lighters
	Sensor Trac II Atra Swivel Double-Edge Super Adjustment Lady Gillette Super Speed Twin Injector Techmatic Three-Piece Knack Blades	Series Adorn Toni Right Guard Silkience Soft and Dri Foamy Dry Look Dry Idea Brush Plus	Paper Mate Flair	Cricket S.T. Dupont

8 - 5

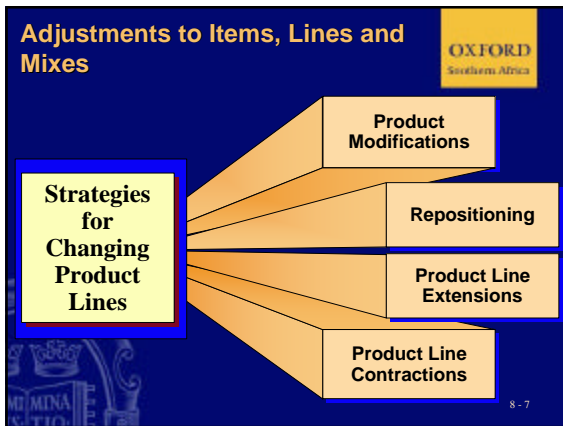
OXFORD
Southern Africa

Benefits of a Product Line Structure

Benefits of Product Lines

- Advertising Economies
- Package Uniformity
- Standardised Components
- Efficient Sales and Distribution
- Equivalent Quality
- Diversified Risk

8 - 6

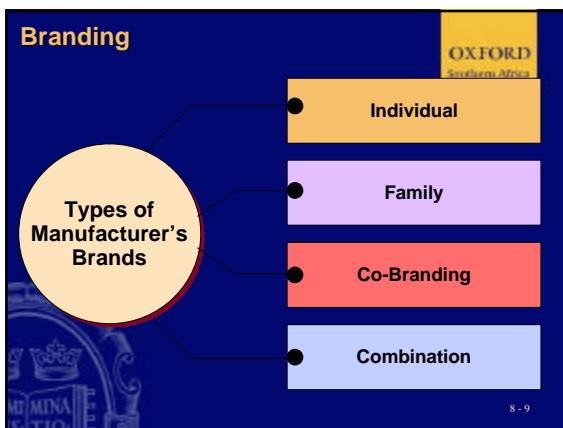


Product Modifications

- Quality Modifications
- Functional Modifications
- Style Modifications

OXFORD Southern Africa

8 - 8



Branding

- Brand
 - name, term, symbol, design or combination
- Brand name
 - verbalised eg. Nando's, 7-Eleven
- Brand mark
 - can not be verbalised eg. symbols such as Mercedes Benz

OXFORD Southern Africa

8 - 10

Benefits of Branding

- Purposes of branding
 - identification
 - repeat sales
 - enhanced new product introductions
- Benefits for consumer
 - easy identification
 - easier shopping (less product comparisons)
 - trust

OXFORD Southern Africa

8 - 11

Benefits of Branding (cont)

- Benefits for marketer
 - differentiation leads to competitive advantage
 - easier shopping requires less sales support which saves money
 - customer loyalty reduces price sensitivity and allows a price premium
 - easier introduction of new products with same brand name
 - branding provides legal protection from copying
 - advertising synergies

OXFORD Southern Africa

8 - 12

Characteristics of a “good” brand name

- easy to pronounce, recognise and to remember
- short
- distinctive, unique
- describes the product and product use
- describes product benefits
- has a positive connotation
- reinforces the product image
- legally protectable locally and internationally

8 - 13

Major Branding Decisions

```

graph TD
    Brand[Brand] --- NoBrand[No Brand]
    Brand --- Manufacturer[Manufacturer's Brand]
    Brand --- Private[Private Brand]
    Manufacturer --- IndividualM[Individual Brand  
e.g. Castle  
Weetbix]
    Manufacturer --- FamilyM[Family Brand  
e.g. Nestle  
Samsung]
    Manufacturer --- CombinationM[Combination (family and individual)  
e.g. Kellogg's  
Rice Krispies]
    Private --- IndividualP[Individual Brand  
e.g. Ladybird]
    Private --- FamilyP[Family Brand  
e.g. Nando's sauces]
    
```

8 - 14

Branding Strategies

- **Generic vs branded products**
 - generic: no frills, no brand name, low price
- **Manufacturer's vs private brand**
 - private brand owned by an intermediary
 - both options have advantages
 - see Table 8.2 (next slide)
- **Individual vs family brands**
- **Co-branding**

8 - 15

Comparing Branding Options

ADVANTAGES OF MANUFACTURER' BRANDS	ADVANTAGES OF PRIVATE BRANDS
Retailer benefits from manufacturer's advertising	Private brands carry higher profit margins
Well-known brands attract new customers	Manufacturer can at any time stop supplying
Manufacturer's quick delivery lessens need for inventory carrying and thus cost	Private brand ties customer to retailer – not to the brand
Switching brands may not affect loyalty to retailer	Retailer has no control over intensity of distribution – and thus direct competition

8 - 16

Conditions Favourable to Branding

- Product must be “brandable”: some products are not “brandable” for physical reasons
- Some products can not be differentiated
- There must be sufficient demand
- It must be possible to realise economies of scale benefits

8 - 17

Levels of Brand Familiarity

- Brand rejection
- Brand non-recognition
- Brand recognition
- Brand preference
- Brand insistence

8 - 18

Trademarks and Copyright

OXFORD
Southern Africa

- **Trademarks**
 - Trademark® is exclusive right to use a brand or part of a brand
 - Protected by The Trade Marks Act 194 of 1993
 - Registration for 10 years but can be renewed
 - Danger of generic usage eg. Rollerblades
- **Copyrights**
 - Copyright© is exclusive legal right to reproduce, publish and sell others' work

8 - 19

Packaging

OXFORD
Southern Africa

Contain and Protect

Promote

Facilitate Storage, Use, and Convenience

Facilitate Recycling

Functions of Packaging

8 - 20

Labelling

OXFORD
Southern Africa

- **Persuasive labelling**
 - focus on promotional aspects and information is secondary - strengthening brand identity
- **Informational labelling**
 - help with consumer selection process
 - lower cognitive dissonance
- **Universal product codes**
- **Product warranties**
 - expressed
 - implied

8 - 21

Global Issues in Branding

OXFORD
Southern Africa

- **One brand name everywhere**
- **Adaptations and modifications**
- **Different brand names and different markets**
- **International packaging**

8 - 22