Chapter 7 Notes
Product, Branding, and Packaging

The Marketing Mix
Product – the focus of the chapter – the good/service that is offered to customers
Price – the cost of the item
Promotion – activities to communicate with customers/facilitate exchange
Place/Distribution – where the product is sold

Types of Products and Services
Specialty Products/Services – major purchases that are expensive and time consuming to select
Shopping Products/Services – decisions that are moderately important
Convenience Products/Services – routine, everyday choices made without much thought
Unsought Products/Services – customer does not have a need (yet)

Core Customer Value
Core Customer Value - defines the basic problem solving benefits that a customer wants or needs, marketers attempt to fulfill CCV via product characteristics and associated services

Product Mix and Product Line Decisions
Product mix breadth refers to the number of products a firm offers. Product line depth refers to how many different or related versions of a product that a firm offers. Any additions to the product mix or product line should provide the same core benefits/utilize the same positioning in the marketplace as the parent brand.

Branding
The benefits of branding include:
- Helps consumers recognize the product
- Differentiates the product from competitors
- Helps the customer infer product characteristics

A brand is a function of several components:
- Brand name – spoken component
- Logos and symbols – visual elements that represent the brand
- Characters – actors, animals, or cartoon characters associated with the brand
- Slogans – taglines that should be memorable to the customer
- Jingles/Sounds – audio components that customers remember

Brands are valuable to firms because they facilitate purchases, establish loyalty, protect the firm from competition and price competition, reduce marketing costs, have real value as assets, and positively impact firm value.

Brand Equity
Defined as the set of assets and liabilities linked to a brand that add or subtract from the value of the product/service.

Brand equity is determined by consumer awareness of the brand, the perceived value of the product/service, and how brand loyal its customers are.

Brand Awareness – familiarity increases the likelihood of purchase, developed through repeated exposures of the brand to the customer

Perceived Value – the benefits of a product relative to its costs, both high and low cost goods can provide a high perceived value

Brand Loyalty – repeat customers make a brand more valuable, enhance the firm's profits over time, reduce the amount a firm spends on marketing, and often leads to favorable word-of-mouth

Branding Strategies

Manufacturer Brands – brands that are owned and managed by the manufacturer, these are the major brands (e.g. Apple, Coca-Cola) that most consumers know. This approach allows the company to maintain control, but is often costly to develop and maintain a brand's image.

Private-Label Brands – brands developed by a retailer, the manufacturer has less control but less costs associated with the marketing of the product. Private-label brands include

- Premium Brands – positioned as similar quality to manufacturer brands, these are becoming more and more popular among consumers
- Generic Brands – positioned as a low-cost alternative to consumers
- Copycat Brands – copies the product characteristics of a "name" brand, often used in pharmaceuticals
- Exclusive Co-Brands – jointly branded products by the manufacturer and retailer

Family vs. Individual Branding

Family brands have the same brand name placed on every product (e.g. Kellogg's cereals), while individual branding keeps each brand within the product family separate (General Motors Vehicles – Chevy, Cadillac, Buick, etc.). Individual branding is more appropriate when products are very different from one another in terms of quality, features, price, and so on.

Brand and Line Extensions

Brand extensions attach the same brand name on new products, while line extensions are revised or slightly different versions of existing products. When considering brand and line extensions:

- make sure the extension is related to the parent brand – fit is essential
- make sure the extension provides the same associations of the brand
- make sure to avoid extending to too many products

Brand dilution can occur if too many extensions are created or if the extension(s) is (are) too different from the original product.

Co-Branding

Co-branding is the marketing of two brands on the same product or service. Co-branding can expand the potential reach of a brand and target multiple customer segments. However, co-branding may not be successful if the brands are too diverse from one another or if the companies cannot effectively work with one another.

Brand Licensing

Brand licensing is a contractual agreement where a company allows a manufacturer to use their brand name in exchange for a fee. Licensing is effective for extending the reach of a brand and increasing visibility. It is important for the brand to monitor product quality and ensure the licensed products do not damage the brand.

Roles of Product Packaging
- Attract attention – stand out from the competition and break through clutter
- Offers a promotional tool – discounts, bonus packs, samples, etc.
- Provides a way to segment products – sizes and quantities are different for different customer segments
- Provides useful information – how to use the product, etc.

The Influence of Packaging on Consumption
- Some product packaging has the opposite effect – products labeled as diet foods may actually cause consumers to eat more
- Changes in product packaging can impact size perceptions – bigger sizes should be increased in one dimension and size reductions should take place across three dimensions
- The feel of containers can impact perceptions of quality – firms often attempt to cut costs by using cheaper containers, but that may negatively impact perceived quality

Product Labeling
- Provides a source of information
- Leads to inferences about product quality and other attributes
- Can cause misperceptions