

Setting Product Strategy

Marketing Management, 13th ed

Chapter Questions

- What are the characteristics of products and how do marketers classify products?
- How can companies differentiate products?
- How can a company build and manage its product mix and product lines?

Chapter Questions (cont.)

- How can companies combine products to create strong co-brands or ingredient brands?
- How can companies use packaging, labeling, warranties, and guarantees as marketing tools?

Caterpillar: A Great Product

The screenshot shows the Caterpillar website's homepage. At the top, the Caterpillar logo is on the left, and navigation links for "United States / Canada", "Find A Dealer", and "Contact" are on the right. Below the logo is a search bar. A horizontal menu bar contains links for "HOME", "PRODUCTS", "SERVICES", "INDUSTRIES", "CAREERS", and "ABOUT CAT". The "HOME" link is highlighted in yellow. Below the menu bar, a "Home" link and a language dropdown set to "English" are visible. The main content area features a large banner with the text "GO BEHIND THE SCENES" in large white letters. Below this, a paragraph states: "The National Geographic Channel takes you inside the high-tech mega-manufacturing plants that create Caterpillar's 797B off-road mining truck." The dates "January 28, 7 & 10 p.m. & February 2, 7 p.m. CT" are listed in yellow. A yellow button with a TV icon and the text "CHECK YOUR LOCAL LISTINGS" is also present. The background of the banner shows several yellow Caterpillar 797B off-road mining trucks in a quarry setting. At the bottom of the banner, there are three small thumbnail images: a mining truck, a document titled "Dow's C", and a close-up of a truck's front.



What is a Product?

A **product** is anything that can be offered to a market to satisfy a want or need, including physical goods, services, experiences, events, persons, places, properties, organizations, information, and ideas.

Figure 12.1 Components of the Market Offering

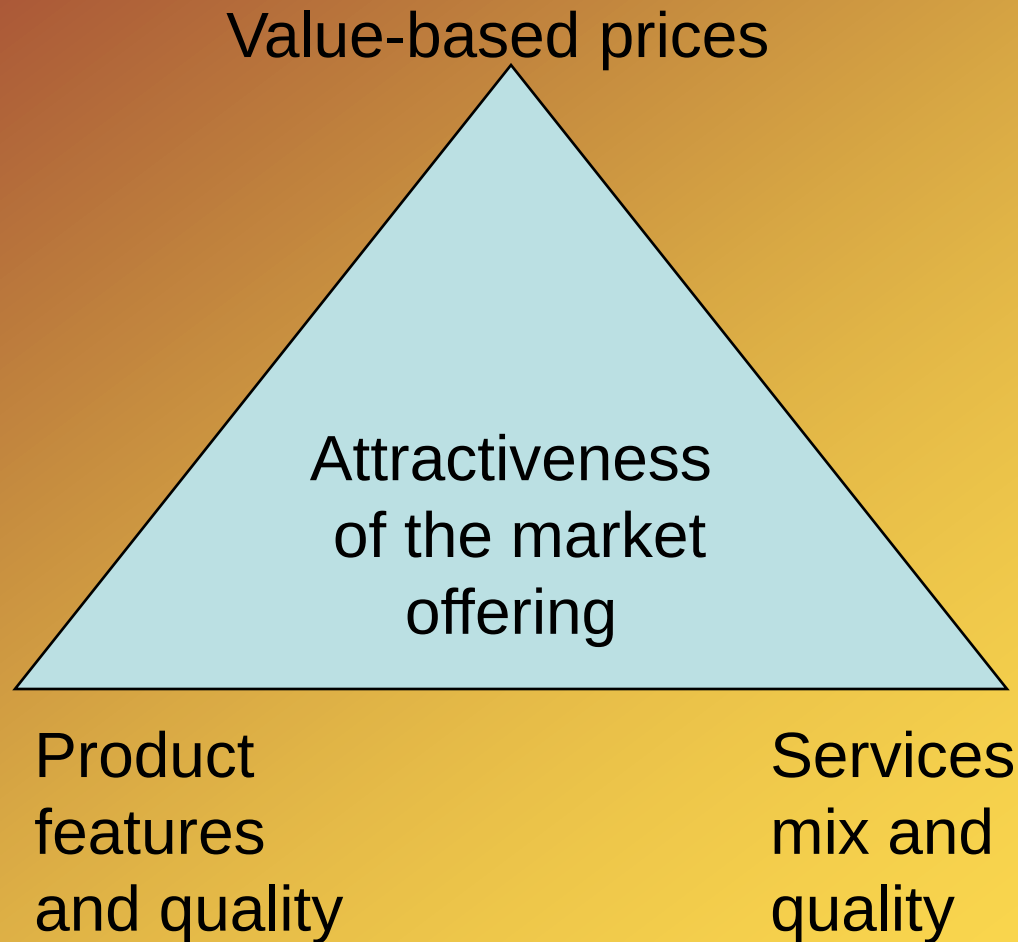
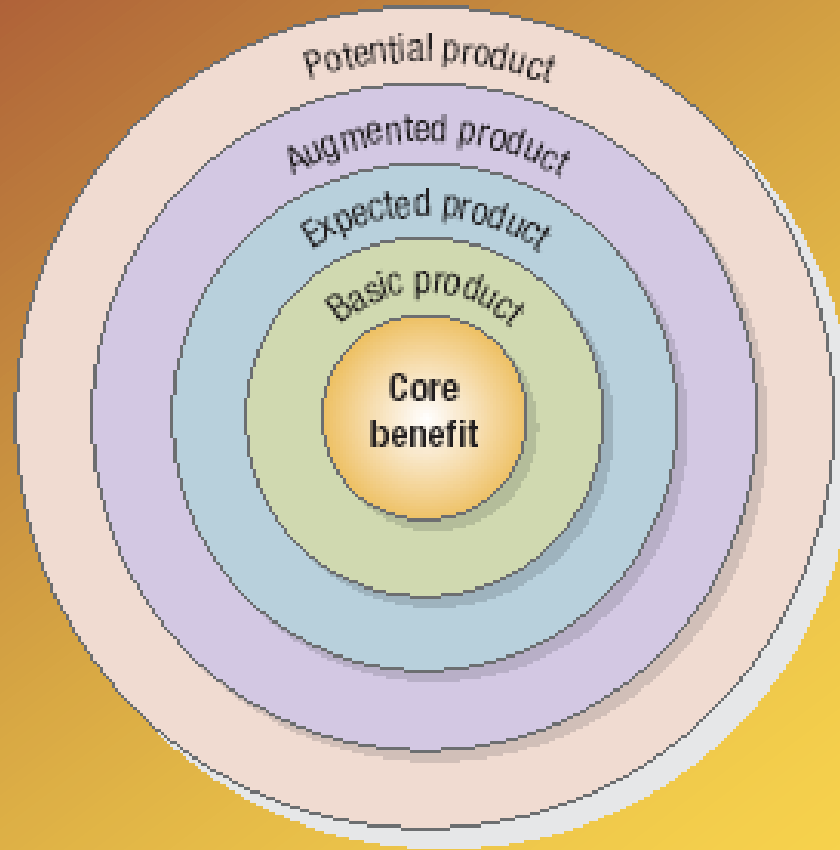


Figure 12.2 Five Product Levels



The Wedding Market is a MetaMarket



DAVID'S BRIDAL REQUEST AN **APPOINTMENT** 877-923-BRIDE [Page Options](#)

[My Favorites](#) | [Shopping Bag](#) | [My Account](#) | [Help](#)

[Bridal Gowns](#) | [Bridal Party](#) | [Special Occasions](#) | [Prom](#) | [Accessories](#) | [Tuxedos](#) | [Dress Your Wedding](#) | [Invitations](#) | [Ceremony & Reception](#) | [Gifts & Favors](#) | [SALE](#)

Find a Store:

Search within:

\$99 GOWN SALE
\$50-\$200 OFF every bridal gown >

BRIDAL GOWNS
New styles for Spring 2008 >

PARTY DRESSES
Presenting Our New Collection >

WIN A FREE GOWN
or your choice of bridesmaid dresses >

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Solutions for all Your Planning Needs >

STYLE GUIDE
Latest Trends & Tips >

DRESS YOUR WEDDING
Build your Virtual Dream Wedding >

NOW THROUGH FEBRUARY 4TH

\$99 SALE
SELECT BRIDAL GOWNS

SAVE \$50-\$200
ON EVERY BRIDAL GOWN

[VIEW GOWNS](#)

WIN A FREE GOWN
YOUR CHOICE OF A BRIDAL GOWN
OR BRIDESMAID DRESSES.

[VIEW DETAILS >](#)

**NO INTEREST &
NO PAYMENTS
FOR ONE YEAR >**

**PLUS
\$1000
REWARDS
SAVINGS**

Product Classification Schemes

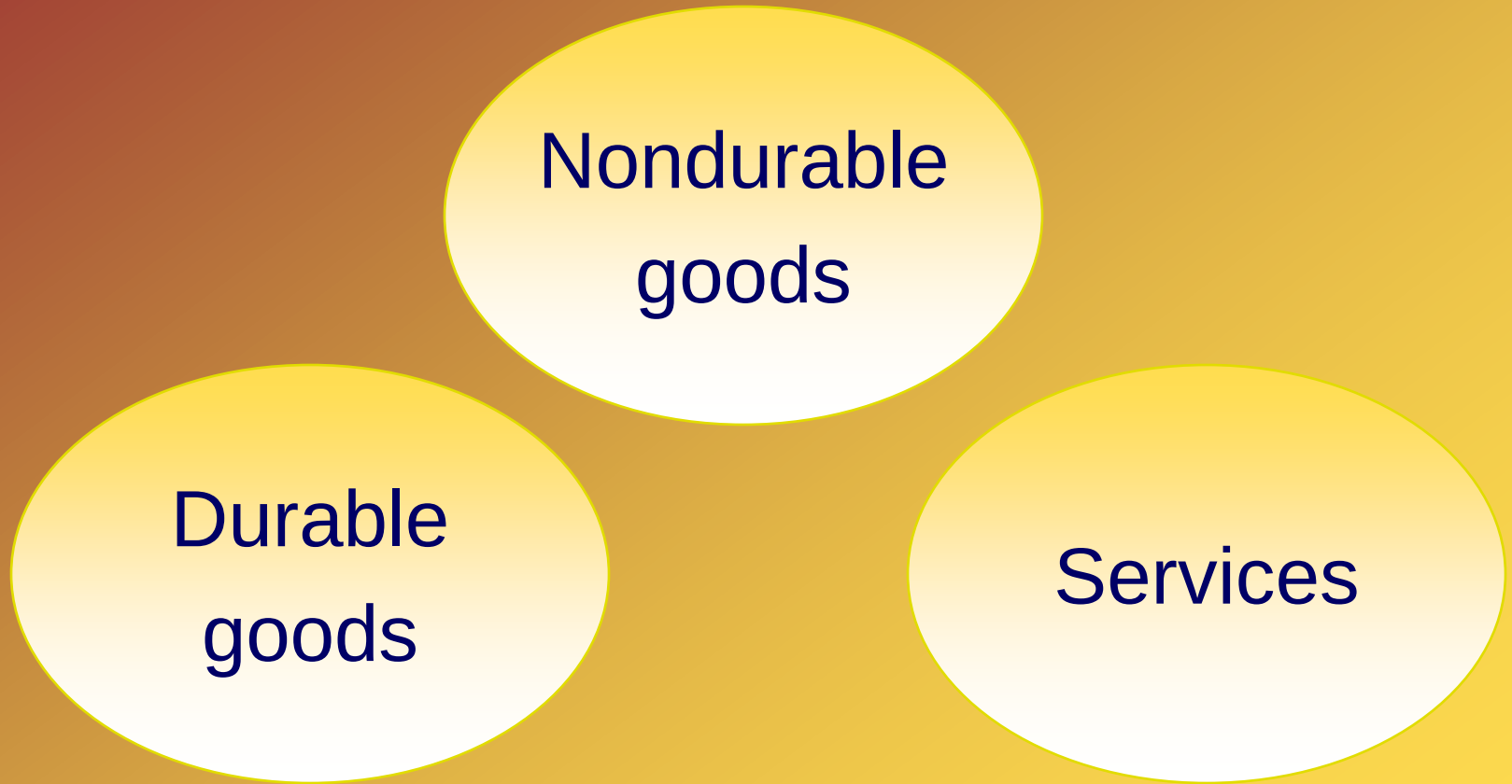
Durability

Tangibility

Use



Durability and Tangibility



Consumer Goods Classification



Industrial Goods Classification

```
graph TD; A([Materials and parts]); B([Capital items]); C([Supplies/business services]);
```

Materials and parts

Capital items

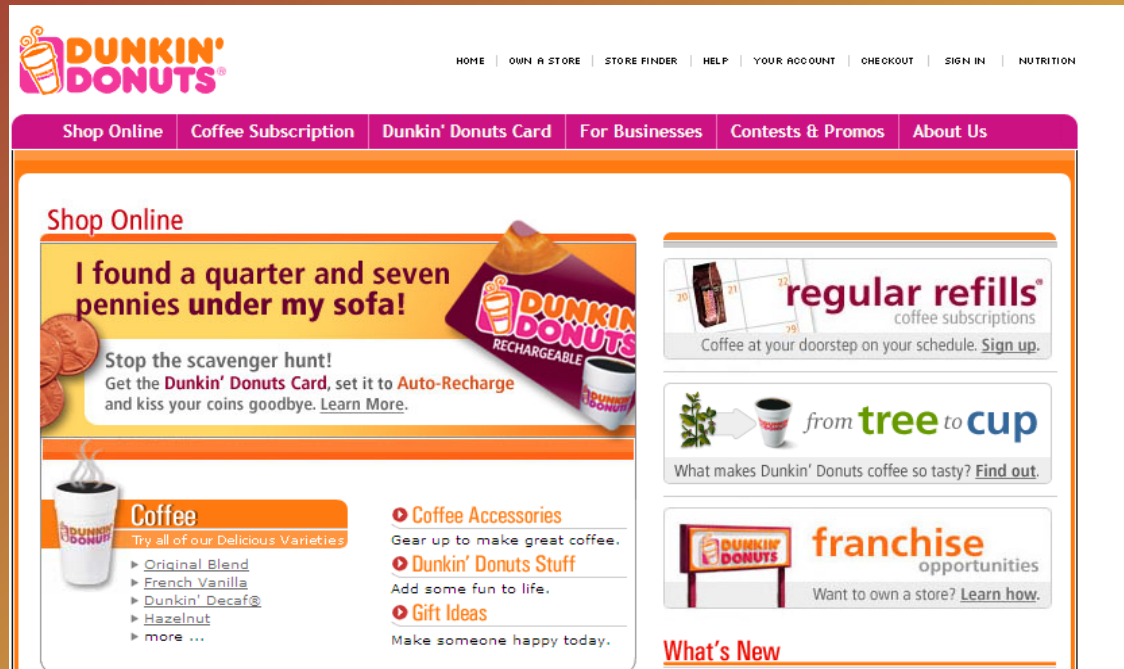
Supplies/
business services

Product Differentiation

- Product form
- Features
- Customization
- Performance
- Conformance
- Durability
- Reliability
- Repairability
- Style



Dunkin' Donuts' Differentiation

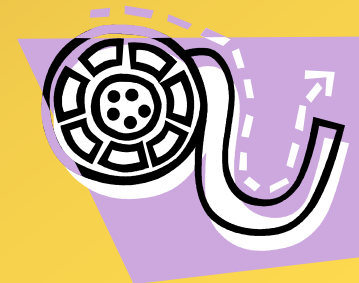


The screenshot shows the Dunkin' Donuts website homepage. At the top is the Dunkin' Donuts logo and a navigation bar with links: HOME, OWN A STORE, STORE FINDER, HELP, YOUR ACCOUNT, CHECKOUT, SIGN IN, and NUTRITION. Below this is a secondary navigation bar with links: Shop Online, Coffee Subscription, Dunkin' Donuts Card, For Businesses, Contests & Promos, and About Us.

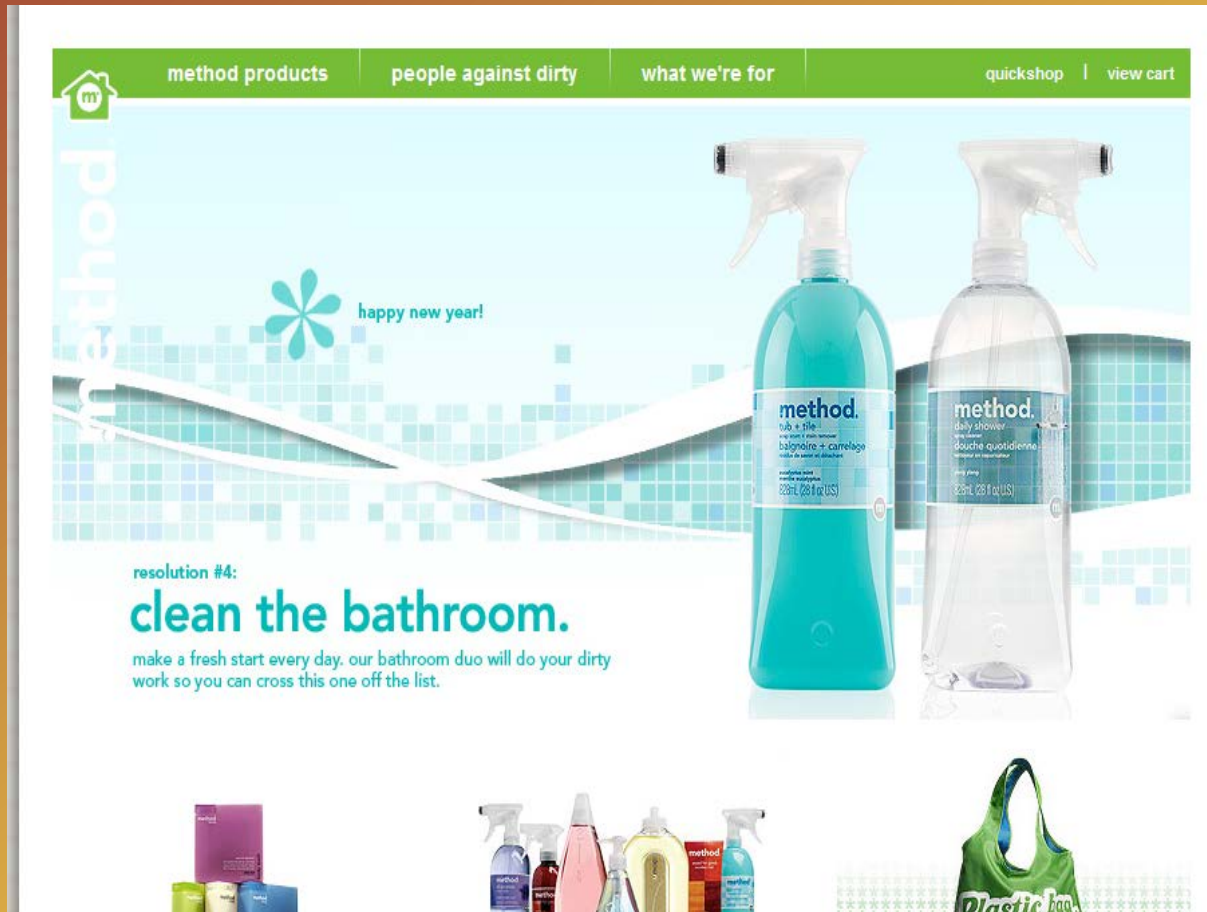
The main content area features several promotional banners:

- Shop Online:** A large banner with the headline "I found a quarter and seven pennies under my sofa!" and subtext "Stop the scavenger hunt! Get the Dunkin' Donuts Card, set it to Auto-Recharge and kiss your coins goodbye. [Learn More.](#)" It includes an image of a Dunkin' Donuts Card and a coffee cup.
- Coffee:** A section titled "Coffee" with the subtext "Try all of our Delicious Varieties" and a list of options: Original Blend, French Vanilla, Dunkin' Decaf®, Hazelnut, and more ...
- Coffee Accessories:** A section titled "Coffee Accessories" with the subtext "Gear up to make great coffee." and a list of items: Dunkin' Donuts Stuff, Add some fun to life., and Gift Ideas. It includes the text "Make someone happy today."
- regular refills®:** A section titled "regular refills®" with the subtext "coffee subscriptions" and the text "Coffee at your doorstep on your schedule. [Sign up.](#)" It includes an image of a coffee cup and a calendar.
- from tree to cup:** A section titled "from tree to cup" with the subtext "What makes Dunkin' Donuts coffee so tasty? [Find out.](#)" It includes an image of a coffee cup and a tree.
- franchise opportunities:** A section titled "franchise opportunities" with the subtext "Want to own a store? [Learn how.](#)" It includes an image of a Dunkin' Donuts store sign.

At the bottom of the main content area is a section titled "What's New" with a red underline.

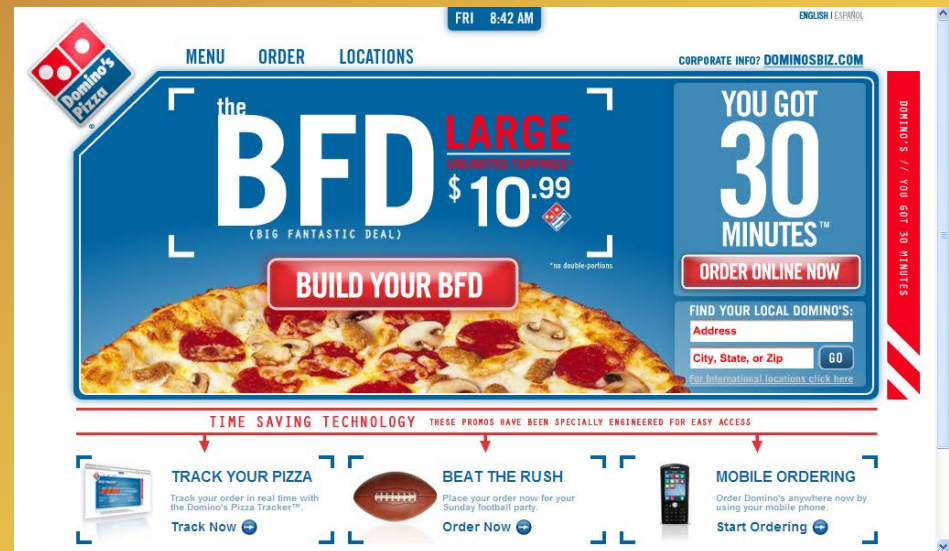


Design Differentiation



Service Differentiation

- Ordering ease
- Delivery
- Installation
- Customer training
- Customer consulting
- Maintenance and repair
- Returns



Maintenance and Repair

The screenshot displays the Geek Squad website interface. At the top left is the Geek Squad logo. To its right are navigation links: "MULTICHANNEL TECHNICAL SUPPORT", "IN-HOME SUPPORT", and "GEEK SQUAD PRECINCT". Further right is a banner for the "24 HOUR COMPUTER SUPPORT TASK FORCE" with the phone number "1 800 433 5778" and a search bar labeled "FIND A GEEK SQUAD PRECINCT NEAR YOU" with "ENTER ZIP" and "SUBMIT" buttons.

On the left side, there is a vertical menu with the following items: "TECHNICAL SUPPORT" (with a dropdown arrow), "WHAT DO I NEED?" (with a right arrow), "FREE TOOLS" (with a right arrow), "RECYCLE", "SEE YOUR BILL OF RIGHTS", "TECH TIPS FOR 2005", "WHAT WE DO" (with a right arrow), "ABOUT GEEK SQUAD" (with a right arrow), "NEWS & TESTIMONIALS" (with a right arrow), "GEEK SQUAD STORE" (with a right arrow), and "CHECK REPAIR STATUS" (with a right arrow).

The main content area is titled "TECHNICAL SUPPORT" and is divided into three columns:

- PHONE SUPPORT:** Features a black and white image of a woman wearing a headset. Below the image is the text "GEEK SQUAD AGENTS ARE STANDING BY" and a pagination bar with "1 2 3 4".
- IN-STORE SUPPORT:** Features a black and white image of a Geek Squad precinct interior. Below the image is the text "PRECINCTS LOCATED IN ALL BEST BUY STORES" and a pagination bar with "1 2 3 4".
- IN-HOME SUPPORT:** Features a black and white image of two agents in a car. Below the image is the text "WIRELESS PROBLEMS ARE NO PROBLEM FOR OUR AGENTS" and a pagination bar with "1 2 3 4".

The Product Hierarchy

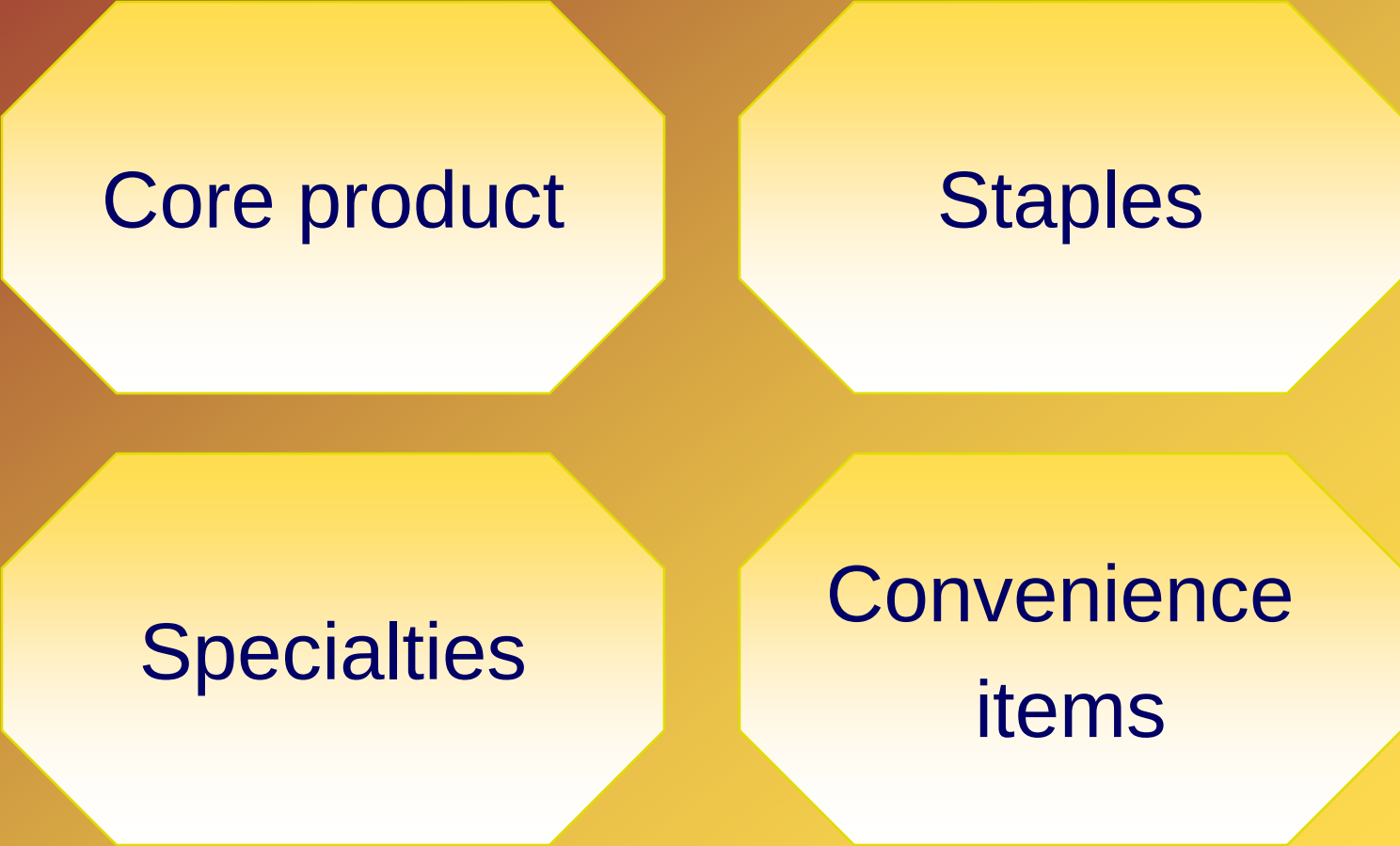


Product Systems and Mixes



- Product system
- Product mix
- Product assortment
- Depth
- Length
- Width
- Consistency

Product Line Analysis



The diagram consists of four yellow octagons arranged in a 2x2 grid. Each octagon contains a product category name in dark blue text. The categories are: Core product (top-left), Staples (top-right), Specialties (bottom-left), and Convenience items (bottom-right).

Core product

Staples

Specialties

Convenience
items

Figure 12.3 Product Item Contributions to a Product Line's Total Sales and Profits

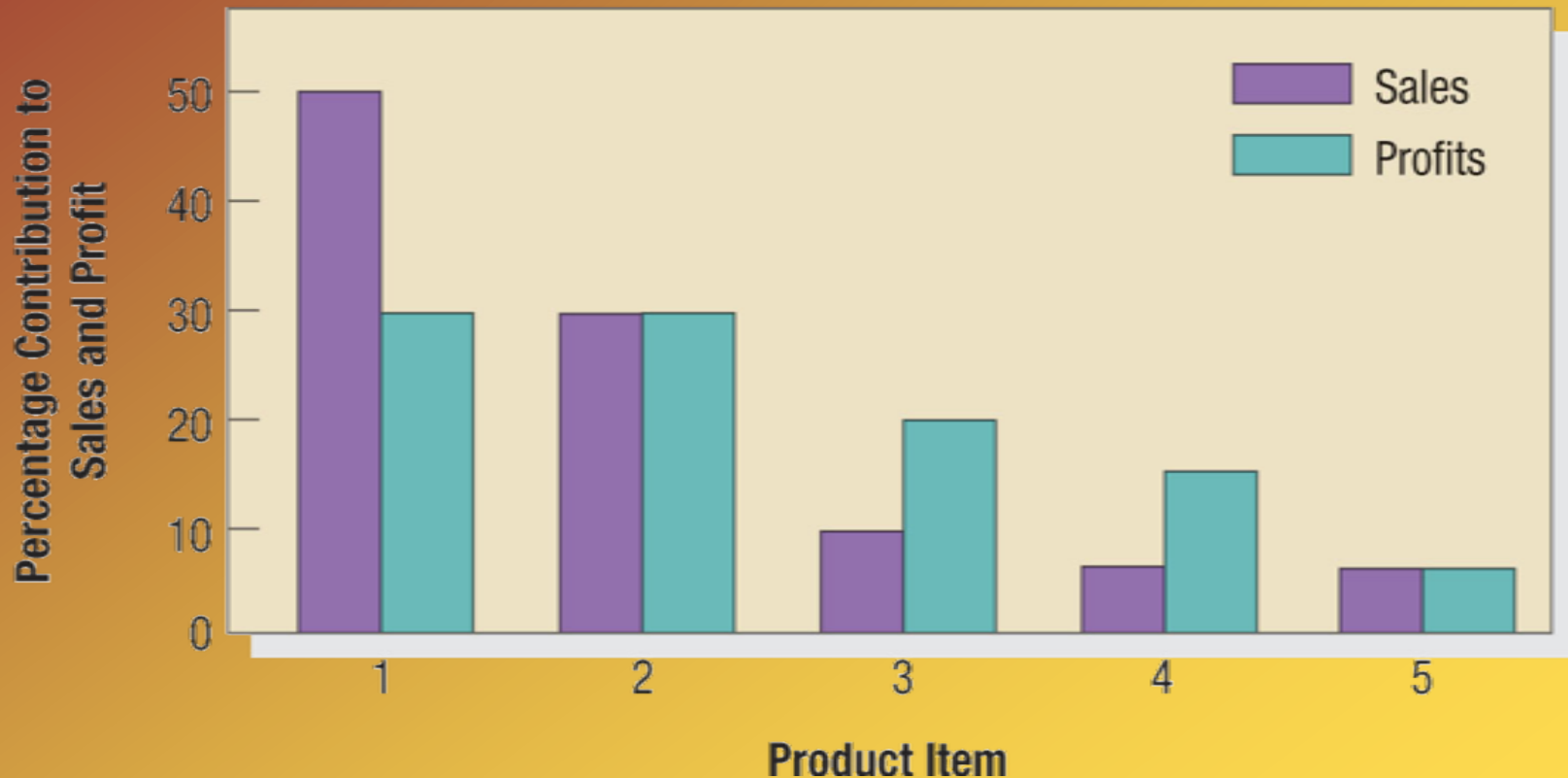
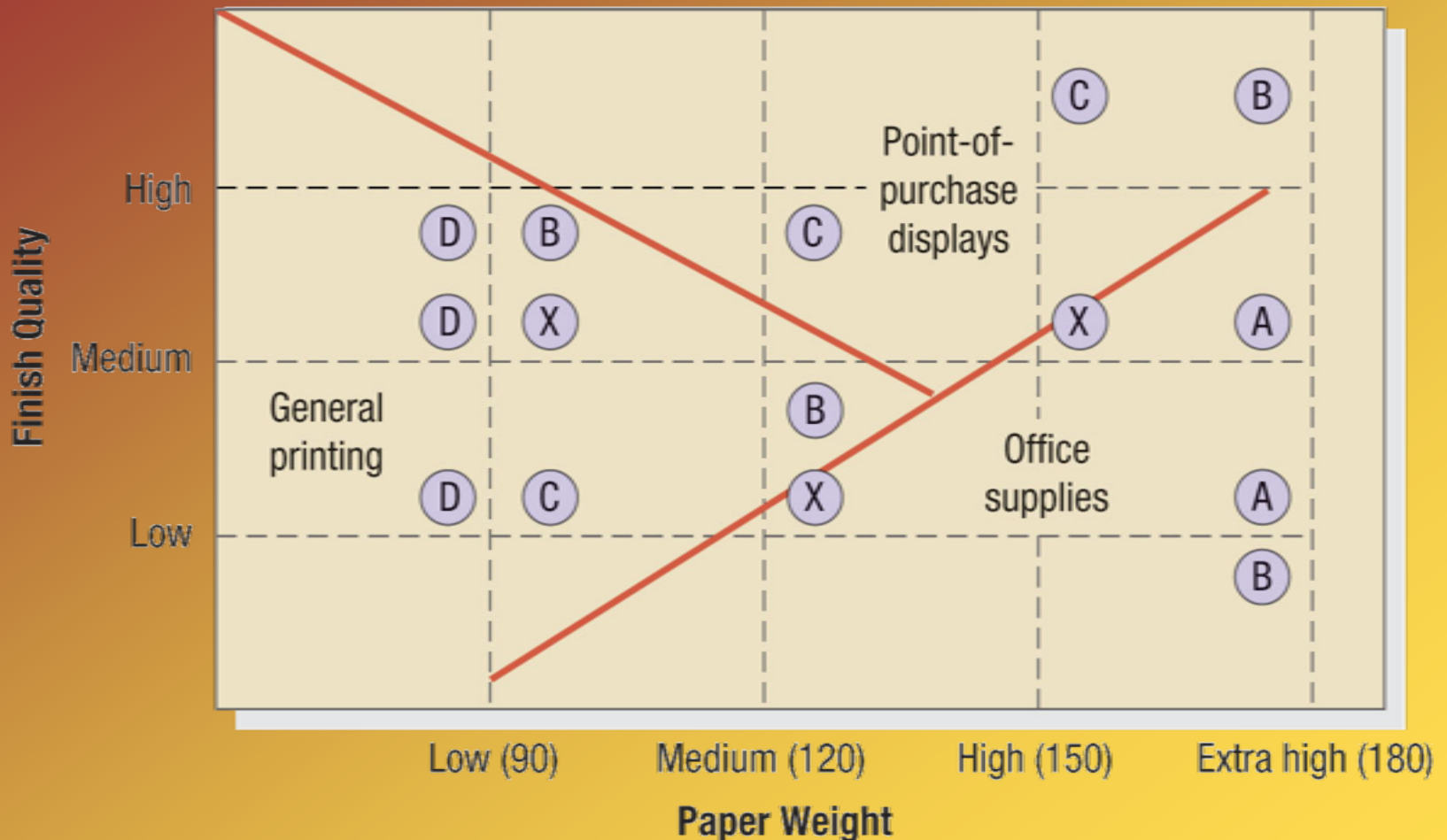


Figure 12.4 Product Map



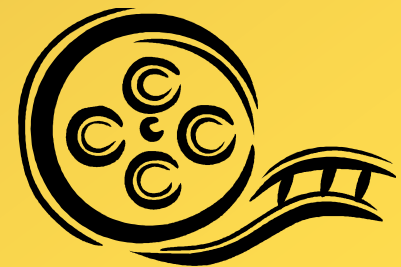
Line Stretching



Down-Market Stretch

Up-Market Stretch

Two-Way Stretch



Line Filling

[Home](#) [1](#) [3](#) [5](#) [6](#) [7](#) [X3](#) [X5](#) [X6](#) [Z4](#) [M](#) [All BMWs](#) [Certified Pre-Owned](#) [Owners](#) [Experience](#) [Uniquely BMW](#)

[Build Your Own](#) [Dealer Locator](#) [Test Drive](#) [Financial Services](#) [Accessories](#) [My BMW](#) 

[BMW USA](#)  [The Ultimate Driving Machine](#)

Introducing the all-new BMW X6.
The first-ever Sports Activity Coupe.

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Pruning

Pruning weak brands can strengthen the remaining brands in the line



Product-Mix Pricing

- Product-line pricing
- Optional-feature pricing
- Captive-product pricing
- Two-part pricing
- By-product pricing
- Product-bundling pricing

Product Line Pricing

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[PRESS RELEASES](#)
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Ticket Plans

	Section	Gate Price	Season Tickets	Per Game Savings	Weekend Plan	Pick 'Em Plan		
Lower Level	VIP Row A	\$230	\$165	\$65	N/A	N/A		
	VIP Row B	\$150	\$102	\$48				
	Centered Preferred	\$99	\$70	\$29				
	Preferred	\$80	\$58	\$22				
	Loge	\$80	\$49.99	\$30.01				
Upper Level	Side Mezzanine	\$50	\$27	\$23	\$41	\$14	\$46	\$9
	Side Balcony	\$39	\$17	\$22	\$24	\$15	\$28	\$11
	Mezzanine Ends	\$39	\$17	\$22	\$24	\$15	\$28	\$11
	Goal Zone	\$25	\$14	\$11	\$20	\$5	\$21	\$4

Two-Part Pricing



home

- what is TiVo?**
- buy TiVo**
- setup & support**
- I have TiVo!**
- about TiVo Inc.
- contact us
- customer support
- activate or upgrade your TiVo service

The box is smart. The service is genius.

Get all the entertainment you care about - combine the convenience of digital video recording with the amazing TiVo® service.

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See how TiVo works!

NEW!

TiVoToGo™



Take your favorite shows anywhere with TiVoToGo™ transfers! [Learn how](#) to get your TiVo Series2™ box connected.

Get a TiVo box

as low as **\$99⁹⁹***



Service is only **\$12⁹⁵** per month

* After mail-in rebate. TiVo service required and sold separately.

What's New!

- [The TiVo Top 25!](#)
- [The TiVo Advantage](#)
- [New TiVo Application Platform Opens Its Doors to Third Party Developers](#)

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Co-branding



Ingredient Branding



What is the Fifth P?

Packaging, sometimes called the fifth P, is all the activities of designing and producing the container for a product.

Factors Contributing to the Emphasis on Packaging

Self-service

Consumer affluence

Company/brand image

Innovation opportunity



Innovations in Packaging



WEB 
packaging
accelerated innovation of
consumer packaged goods

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BRAND IDENTITY & PACKAGE DESIGN
April 18-20, 2005
The Plaza, New York City

Packaging Supplier File


Tel: +39 0131 860498

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Innovations
Idealpill - development of a unique dispensing system.  

[Request for Info...](#) [Add to Favorites...](#)

Idealpill packaging is a patented concept to provide an easier and safer way to dispense pills.



Packaging Objectives

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

Functions of Labels

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

Warranties and Guarantees



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- CUSTOMER RELATIONS
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- SERVICE SCHEDULE
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- VIN
- OWNERS REGISTRATION
- FREE TRADE-IN APPRAISAL
- MITSUBISHI OWNERS DAY
- SIRIUS RADIO ACTIVATION
- MUSIC STORAGE AND NAMING
- NEWSLETTER SIGN-UP
- HANDS-FREE PHONE

GOT YOU COVERED
WARRANTY

WARRANTIES

WARRANTY INFORMATION FOR 2008 MODELS

At Mitsubishi, we are so confident in the quality, reliability and durability of the cars we build that we back all of our passenger cars and sport utility vehicles with very extensive warranties. This list is headed by a **10-year/100,000 mile** Powertrain Limited Warranty*, a **5-year/60,000 mile** fully transferable bumper-to-bumper New Vehicle Limited Warranty, a **7-year/100,000 mile** Anti-Corrosion/Perforation Limited Warranty and **5-years/Unlimited miles** Roadside Assistance. So now, when you drive off in your new Mitsubishi, you'll leave with even more peace of mind, knowing you can enjoy it to the fullest for many years to come.

For additional 2008 Passenger Car and SUV warranty details, [click here](#). (3.3MB)

COVERAGE CATEGORY	ORIGINAL RETAIL OWNERS	SUBSEQUENT OWNERS
New Vehicle (Bumper-to-Bumper)	5-yrs/60,000 miles	5-yrs/60,000 miles
Powertrain Components	10-yrs/100,000 miles**	5-yrs/60,000 miles
Restraint System	5-yrs/60,000 miles	5-yrs/60,000 miles
Anti-Corrosion/Perforation	7-yrs/100,000 miles	7-yrs/100,000 miles
Adjustments	12-mos/12,000 miles	12-mos/12,000 miles
Roadside Assistance		
Roadside Assistance	5-yrs/Unlimited miles	5-yrs/Unlimited miles

All coverage terms are from the original in-service date.

* The 10-year/100,000 mile Powertrain Limited Warranty applies only to the original owner of new, retailed 2008 models. Subsequent owners receive the balance of the New Vehicle Limited Warranty of 5 years/60,000 miles. See retailer for limited warranty and roadside assistance terms and conditions.
**See your authorized Mitsubishi Retailer for complete details on warranty coverage and conditions.

Marketing Debate

✓ With products, is it form or function?

Take a position:

1. Product functionality is the key to brand success.

or

2. Product design is the key to brand success.

Marketing Discussion

- ✓ Consider the different means of differentiating products and services.
- ✓ Which ones have the most impact on your choices?
- ✓ Why?