

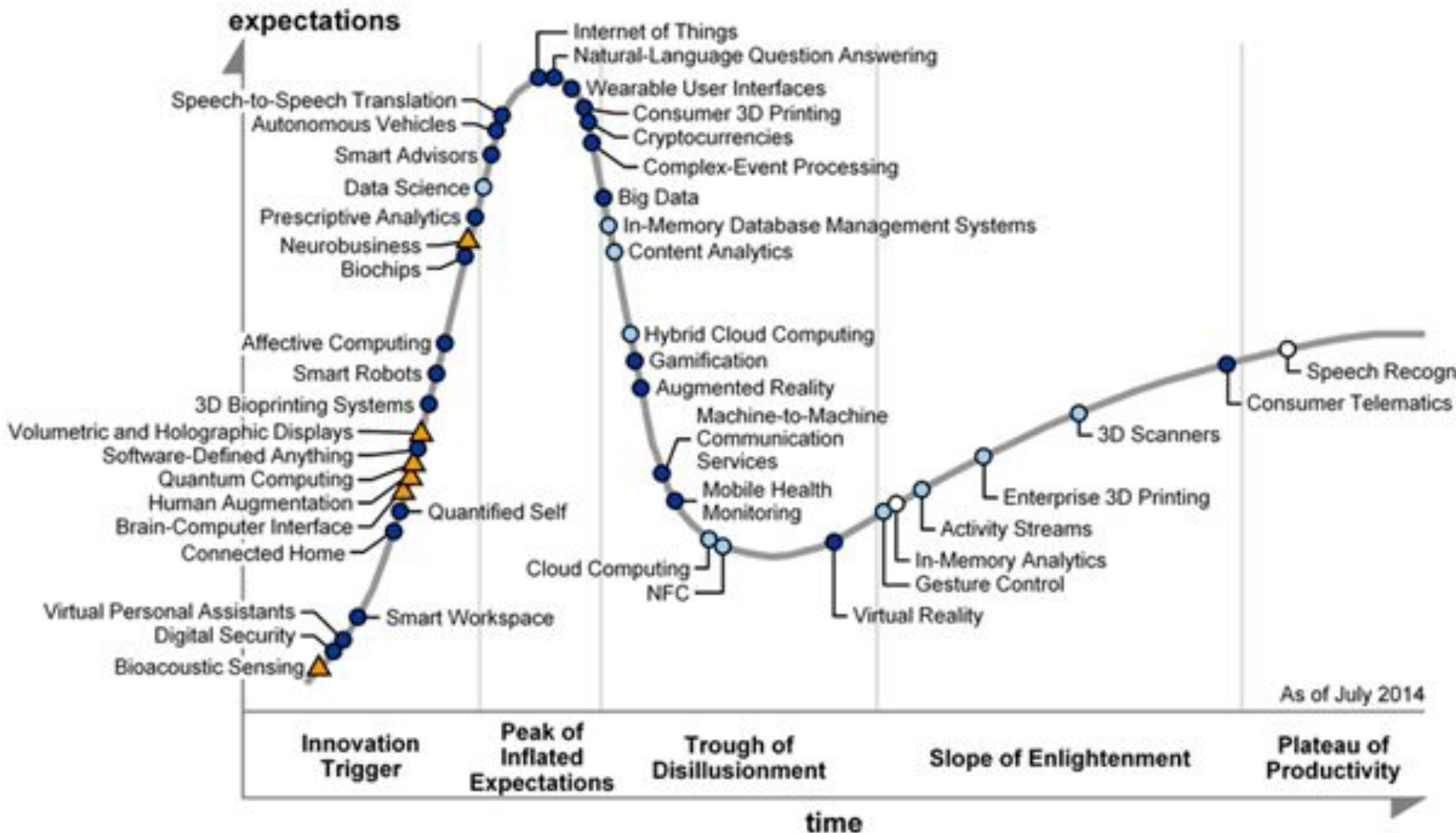
# Product Launch course

Year 2  
2017-2018

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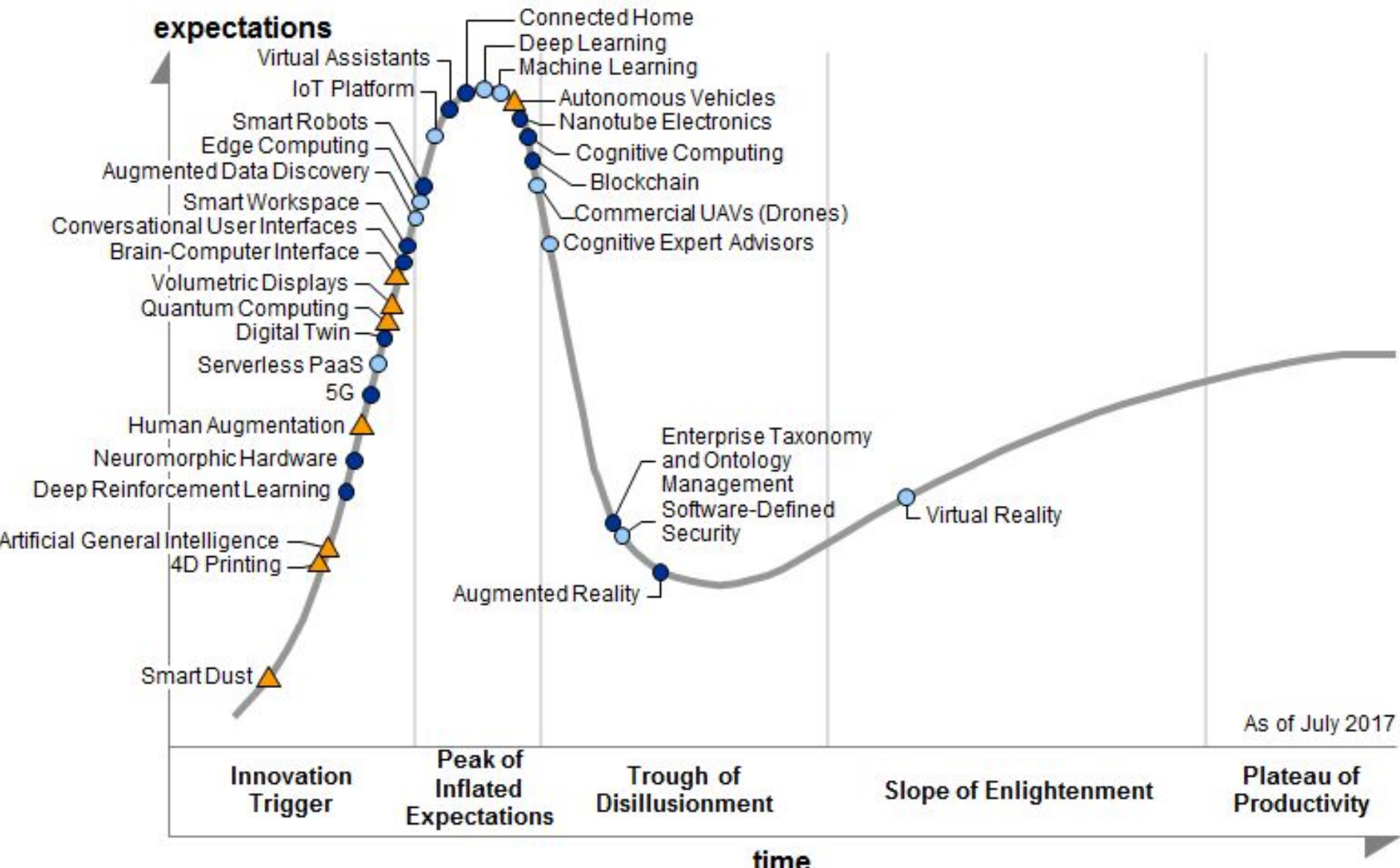
## Gartner Hype Cycle for Emerging Technologies, 2014



Plateau will be reached in:

- less than 2 years
- ◐ 2 to 5 years
- 5 to 10 years
- ▲ more than 10 years
- ⊗ obsolete before plateau

# expectations



As of July 2017

## Years to mainstream adoption:

- less than 2 years
- 2 to 5 years
- 5 to 10 years
- ▲ more than 10 years
- ⊗ obsolete before plateau

# Course reading / learning material

## **Kotler's 6th edition:**

- Chapter 8: products , services and brands**
- Chapter 9: developing new products**
- All presentations and hand outs on Blackboard**

## **Examination:**

- Case with open + mc questions**
- Retake in period 4.**

# Examples

- **Frozen Yogurt 1993:**
  - **taste strawberry of “I Can’t Believe It’s Yogurt” in the Netherlands**
- **Holiday trips with master chefs at Talisman in 2008**
- **Movie in Cinema’s/Distributors e.g. Scream 1 in 1996**
- **DVD’s in stores of Nightmare in Elmstreet after death of Wes Craven in 2015**

## Introduction: Product

**To marketers, products are bundles of benefits delivered to the customer.**

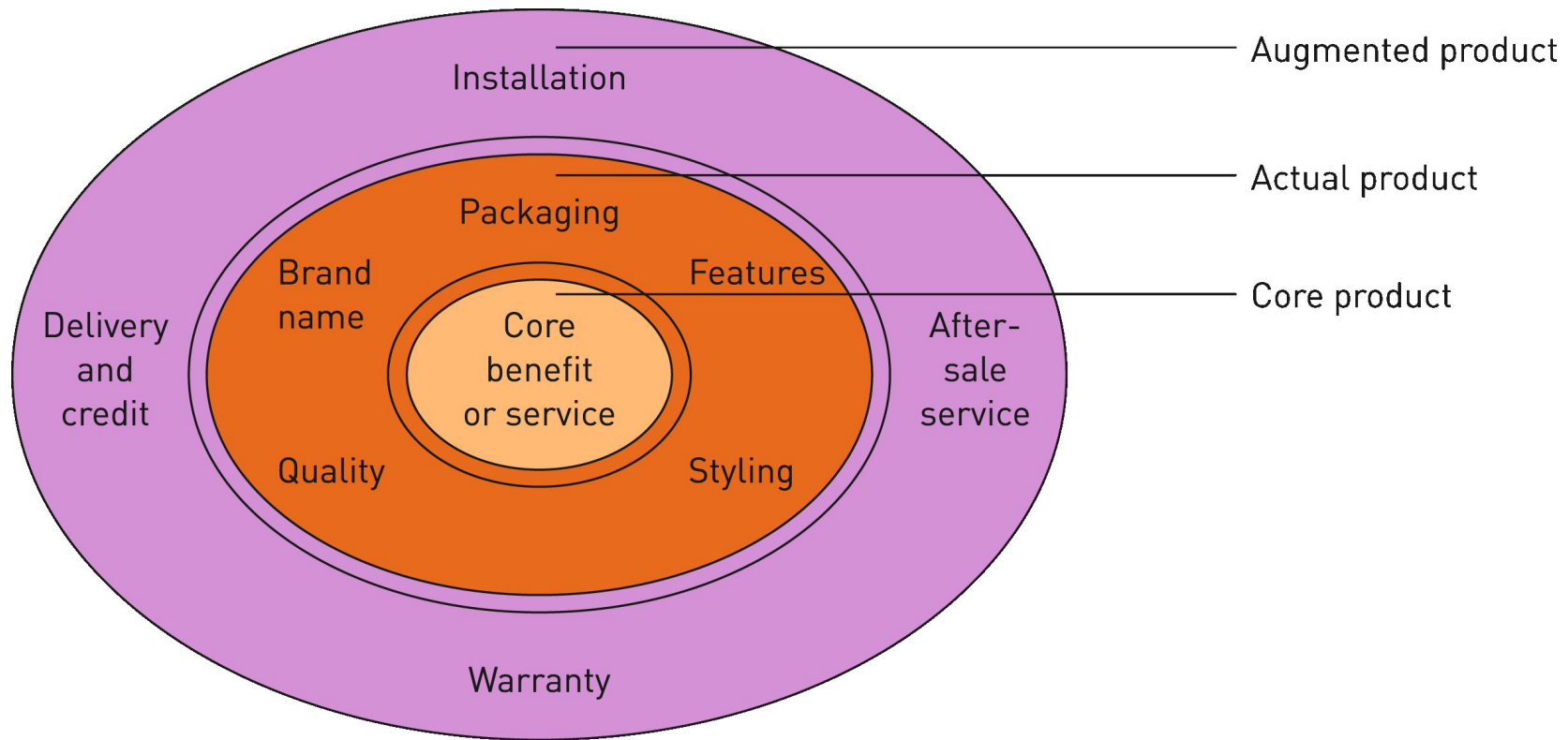
**The form in which these benefits are delivered can be both tangible and intangible.**

At the intangible end of the product spectrum are services (i.e. Banking, hotel, hairdressing, airline, etc)

**Product strategy is derived from the company's marketing objectives**

influenced by how products are organised by line and range, and also by the product life cycle.

# Levels of a product



Three levels of product



# Levels of a product

## Core product

problem solving service or core benefits that consumers are really buying when they obtain a product. ('In the factory, we make cosmetics; in the stores we sell hope' by Charles Revlon)

## Actual product (Tangible product)

incorporates the quality, features and design, brand name, packaging and other attributes that combine to deliver core product benefits. (iPhone X / Blackberry - in staying connected - it has all features)

## Augmented product

incorporates the consumer services and benefits built around the core and actual products.

<http://www.terrafugia.com/>





# Product classifications

**Products can be classified according to their durability and tangibility.**

**Non-durable products** are goods consumed quickly and used on one or a few occasions, e.g. beer, soap.

**Durable products** are used over an extended time and may last for years, e.g. fridge.

**Marketers also divide products and services into two other classifications: *consumer and industrial products.***

## Consumer products

**Bought to satisfy personal and family needs.**

Classified according to *consumer shopping habits*:

**- Convenience products**

Purchased frequently, minimum comparison and buying effort.

**- Shopping products**

Process of selection, compared on bases of quality, suitability, price and style.

**- Speciality products**

Consumer goods with unique characteristics or brand identification for which a significant group is willing to make a special purchase effort

**- Unsought products**

Consumer does not know about the product or perceives no need for it.

# Examples?

# Consumer products

## Bought to satisfy personal and family needs.

Classified according to *consumer shopping habits*:

### - **Convenience products**

Purchased frequently, minimum comparison and buying effort.  
(e.g. Soap, sweets, newspapers and fast food)

### - **Shopping products**

Process of selection, compared on bases of quality, suitability, price and style. (e.g. Furniture, clothing, used cars and major household appliances)

### - **Speciality products**

Consumer goods with unique characteristics or brand identification for which a significant group is willing to make a special purchase effort. (e.g. specific brands of types of car, high-priced home entertainment systems, cameras, luxury goods)

### - **Unsought products**

Consumer does not know about the product or perceives no need for it. (e.g. Life insurance, home security systems, pre-planned funerals and blood donations)

Marketing consideration	Type of consumer product			
	Convenience	Shopping	Speciality	Unsought
Customer buying behaviour	Frequent purchase, little planning, little comparison or shopping effort, low customer involvement	Less frequent purchase, much planning and shopping effort, comparison of brands on price, quality, style	Strong brand preference and loyalty, special purchase effort, little comparison of brands, low price sensitivity	Little product awareness or knowledge; if aware, little or even negative interest
Price	Low price	Higher price	High price	Varies
Distribution	Widespread distribution, convenient locations	Selective distribution in fewer outlets	Exclusive distribution in only one or a few outlets per market area	Varies
Promotion	Mass promotion by the producer	Advertising and personal selling by both producer and resellers	More carefully targeted promotion by both producer and resellers	Aggressive advertising and personal selling by producer and resellers
Examples	Toothpaste, magazines, laundry detergent	Major appliances, televisions, furniture, clothing	Luxury goods, such as Rolex watches or fine crystal	Life insurance, blood donations

## Marketing considerations for consumer products

# What type of product is ... for you?

- Mobile phone
- School books
- French fries with mayonaise
- Beer
- Visit cinema for one specific movie

Convenience products

Shopping products

Speciality products

Unsought products

# Industrial products

## Products bought for further processing or the purposes of resale.

Distinction based upon the **purpose** for which the product is purchased.

### - *Materials and parts*

Raw materials (farm products and natural products)

Manufactured materials and parts (e.g. Iron, cement, wires). include component parts (e.g. Small motors, tyres)

### - *Capital items*

Installations consist of buildings (factories, offices) and fixed equipment (generators, drill presses, large computer systems, lifts)

Accessory equipment include portable factory equipment and tools (hand tool, lift trucks) and office equipment (personal computers, photocopiers, desks)

### - *Supplies and services*

Operations supplies such as the electricity to power the machines making shirts, paper pencils.

Services such as repair services, (window cleaning, computer repair) and business advisory services (legal, management consulting, advertising)

# Organisations, persons, places and ideas

Marketers have broadened the concept of product to include other marketable entities such as organisations, persons, places and ideas.





# Examples:

- **Kim Kardashian**



- **Tower Bridge London**



- <https://www.youtube.com/watch?v=QdpDIE8tTw8>

# Product decisions

**Marketers make product decisions at three levels:**

individual product decisions

product line decisions

product mix decisions

# Individual product decisions

**Product decisions are focused around the development and marketing of**

Product attributes;

Branding;

Packaging;

Labelling;

Product support services.

# Product attributes

## Define the benefits offered to the customer

- *Product quality*

Conformance and Customer driven quality

Durability, reliability, precision, ease of operation and other valued attributes.

- *Product features*

Features are competitive tools in differentiating the products from the competitors'. Assessed upon the basis of its customer value versus company cost. (e.g. adding a beamer to a cell phone)

- *Product style and design* (e.g. Bang and Olufsen)

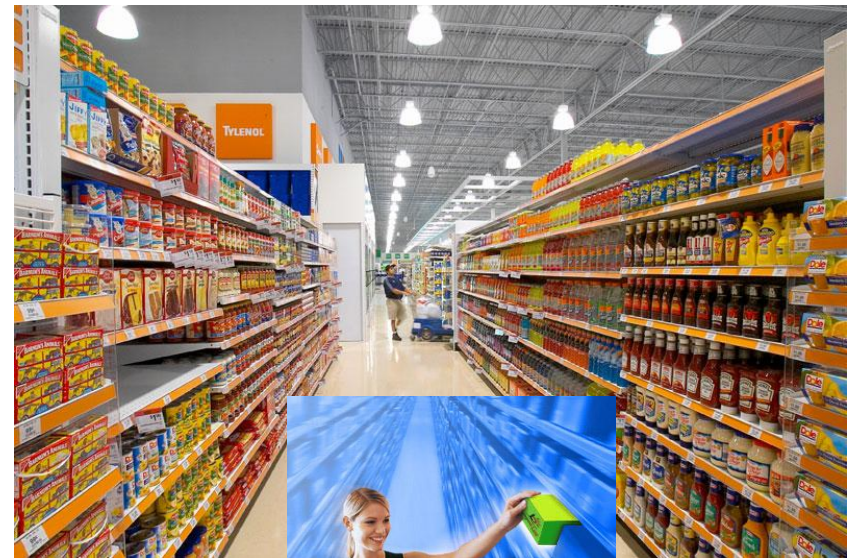
# Branding

A name, term, sign, symbol or design, or a combination of these, intended to identify the goods or services of one seller or group of sellers and to differentiate them from the competitors.



## Branding: benefits for consumers

- Brand names tell the buyer about the quality of the product.
- Brand names increase shopper efficiency.
- Brand names alert consumers to products that might benefit them.



## Branding: supplier advantage

- Brand name makes it easier for the supplier to process orders and track down problems.
- The supplier's brand name and trademark provide legal protection for unique production features that might otherwise be copied by the opposition.
- Branding enables the supplier to attract a loyal and profitable set of customers.
- Branding helps suppliers segment markets.



1982 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994



1995 1996 1997 1998 1999



2000 2001 2002



2003 2004



2005



2006



# Branding: powerful marketing mechanism

- Leads to higher and more consistent product quality.
- Increases innovation by giving producers an incentive to look for more new features that can be safeguarded by the patent.
- Branding results in more product variety and choice for consumers.
- Branding provides consumer information about products and where to find them.





# Packaging

Innovative and attractive packaging to gain the attention of the consumer.

Packaging is central to the marketing considerations and the packaging concept should illustrate what the package should be or do for the product.

- Protection of contents
- Design and presentation
- Colour, trade marks etc.
- Tamper-proof packaging
- Communication
- Information



# Labelling

Identifies the product

Conforms to legal requirements as in the case of medical products

Describes the key features of the product

Promotes the product through attractiveness

Grades the quality of the product

Unit pricing

Open dating

Nutritional labelling



Nutrition Facts	
Per 125mL (87g)	
Amount	% Daily Value
Calories 80	
Fat 0.5 g	1%
Saturated 0 g	0%
+ Trans 0 g	
Cholesterol 0 mg	
Sodium 0 mg	0%
Carbohydrate 18 g	6%
Fibre 2 g	8%
Sugars 2 g	
Protein 3 g	
Vitamin A 2%	Vitamin C 10%
Calcium 0%	Iron 2%

# Product support services

**Customer service is an essential element of the product strategy, and can play a major or minor part in the product offering.**

**Product support services augment the actual products.**



# Product line length decisions

The product line length involves the number of items in the product line.

Greatly influenced by the company objectives and the resources.

Product line growth needs to be planned carefully and is extended in two ways: *'stretching'* and *'filling'*.

The BMW vehicle range.  
[Click here to explore the BMW automobiles.](#)

**NOKIA**  
Connecting People





# Product line stretching

## ***Downward stretch***

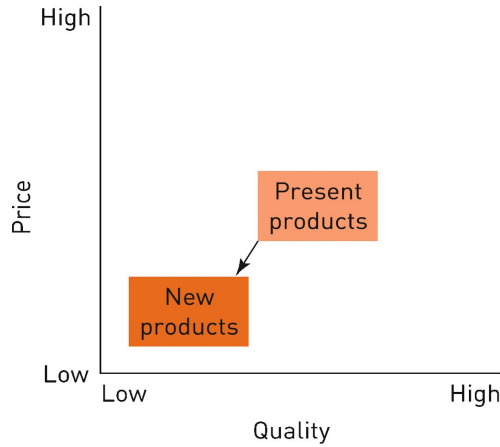
- Company initially located at the top end of the market and then 'stretches' downwards to pre-empt a competitor or respond to an attack. Launch of C-Class by Mercedes-Benz or the A-Class and even Smart car.

## ***Upward stretch***

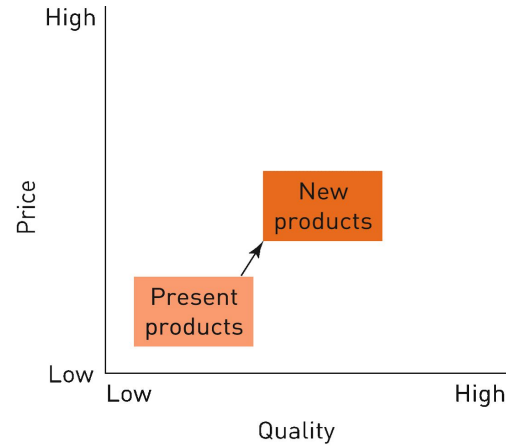
- Companies stretching upwards to add prestige to their existing range of products. Toyota with the Lexus.
- Can be risky due to customer perception and inability of sales people to trade up and negotiate to the new level.

## ***Two-way stretch***

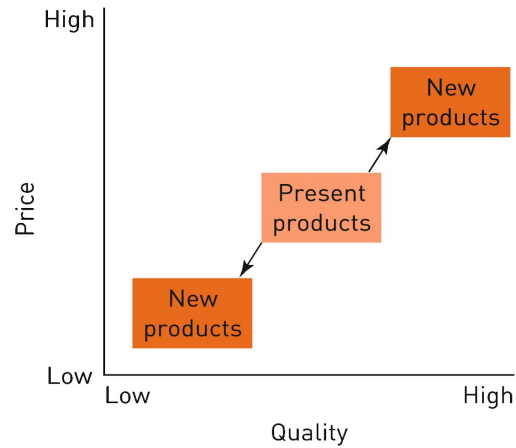
- Extending product lines upwards and downwards to address different segments of the market.



**Downward stretch**



**Upward stretch**



**Two-way stretch**

## Product-line stretching decisions

# Product line filling

Increasing the product line by adding more items within the present range of the line.

Reasons for product filling:

- Extra profits
- Satisfying dealers
- Using excess capacity
- Being the leading full-line company
- Plugging holes to keep out the opposition



Care needs to be taken that the line filling does not lead to cannibalisation and customer confusion.



**iPad**  
From  
A\$ 629



**iPhone**  
From  
A\$ 719



**iPod shuffle**  
Just  
A\$ 69



**iPod nano**  
From  
A\$ 199



**iPod touch**  
From  
A\$ 289



**iPod classic**  
Just  
A\$ 329

# Product mix decisions

***Product mix or product assortment*** consists of all the product lines and items that a particular seller offers for sale to buyers.

# Four dimensions of the product mix

## *Breadth or width*

Wide product mix containing many different product lines.

- Unilever producing cooking oil, toilet soap, cosmetics etc.

## *Length*

Total number of products in the product lines (e.g. Diageo)

## *Depth*

Different versions, such as size of packaging and different formulations.

## *Consistency*

How closely related the various product lines are in end use, production requirements, distribution channels etc.



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