



BLUES

EUROPEAN ENTREPRENEURSHIP EXPERIENCE

Blended-learning international
entrepreneurship skills programme



Co-funded by the
Erasmus+ Programme
of the European Union

MODULE 5

TOPIC 1

DEFINING THE
PRODUCT AND
THE BRAND

1. Product

Definition of product

According to Kotler: *“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”.*

Product as bundle of attributes

Generally, in marketing a product is considered a bundle of attributes. The attributes are both tangible and intangible.

Tangible attributes are those related to the technical performances of the product (i.e speed, safety, acceleration, driveability or road-holding of a car).

Intangible attributes are related to symbolic characteristics of the product such as style, design, status symbol, ability to have a communicative role towards others and themselves. An important role in this symbolic sphere is played by the brand.

Product classification (1)

A. CONSUMER-GOODS CLASSIFICATION

1. **convenience goods** are those goods bought frequently, immediately, with minimal effort and they are routinely purchased. Also *impulse goods* (purchased without any planning or search effort), and *emergency goods* (purchased when a need is urgent) belong to this category.
2. **Shopping goods** are those the consumer characteristically compares on such bases as suitability, quality, price, and style (i.e. furniture or clothing). Heterogeneous shopping goods differ in product features and services that may be more important than price.
3. **Specialty goods** have unique characteristics or brand identification for which enough buyers are willing to make a special purchasing effort.

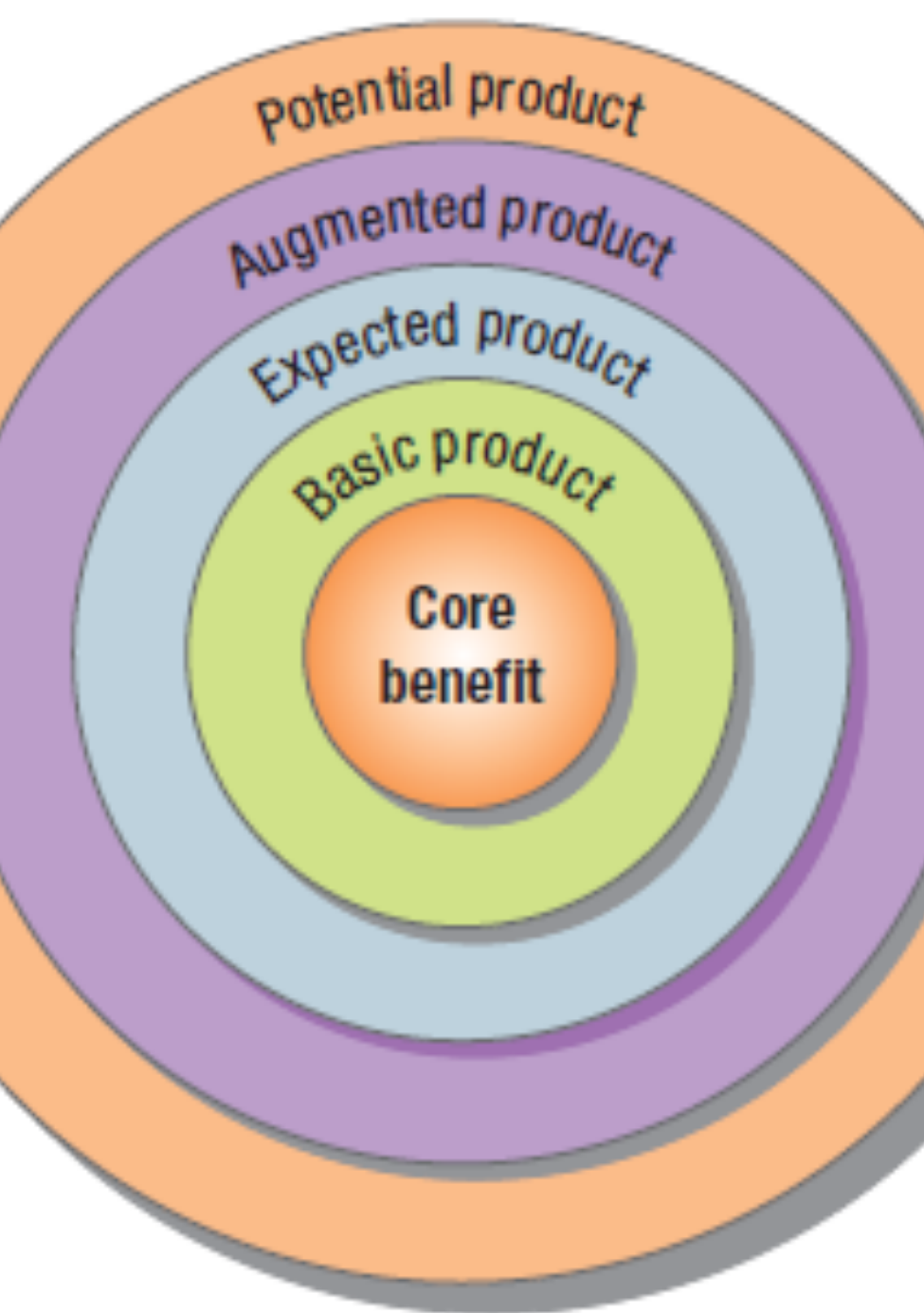
Product classification (2)

B. INDUSTRIAL-GOODS CLASSIFICATION

1. **Materials and parts** are goods that enter the manufacturer's product completely (they include both raw materials and manufactured materials and parts).
2. **Capital items** are long-lasting goods that facilitate developing or managing the finished product. They include two groups: installations and equipment.
3. **Supplies and business services** are short-term goods and services that facilitate developing or managing the finished product. Supplies are of two kinds: maintenance and repair items and operating supplies. Business services include maintenance and repair services (window cleaning, copier repair) and business advisory services.

C. Classification on the basis of DURABILITY AND TANGIBILITY

1. **Nondurable goods** are tangible goods normally consumed in one or a few uses,
2. **Durable goods** are tangible goods that normally survive many uses
3. **Services** are intangible, inseparable, variable, and perishable products



Levitt's model of customer-value hierarchy

The Levitt's model is based on the idea of a product as stratification of level. Each upper level contains the previous ones. According to Levitt, the innermost level is the core benefit, that is the need a customer wants to satisfy.

The first level is the basic product which has only the characteristics needed to satisfy the core benefit.

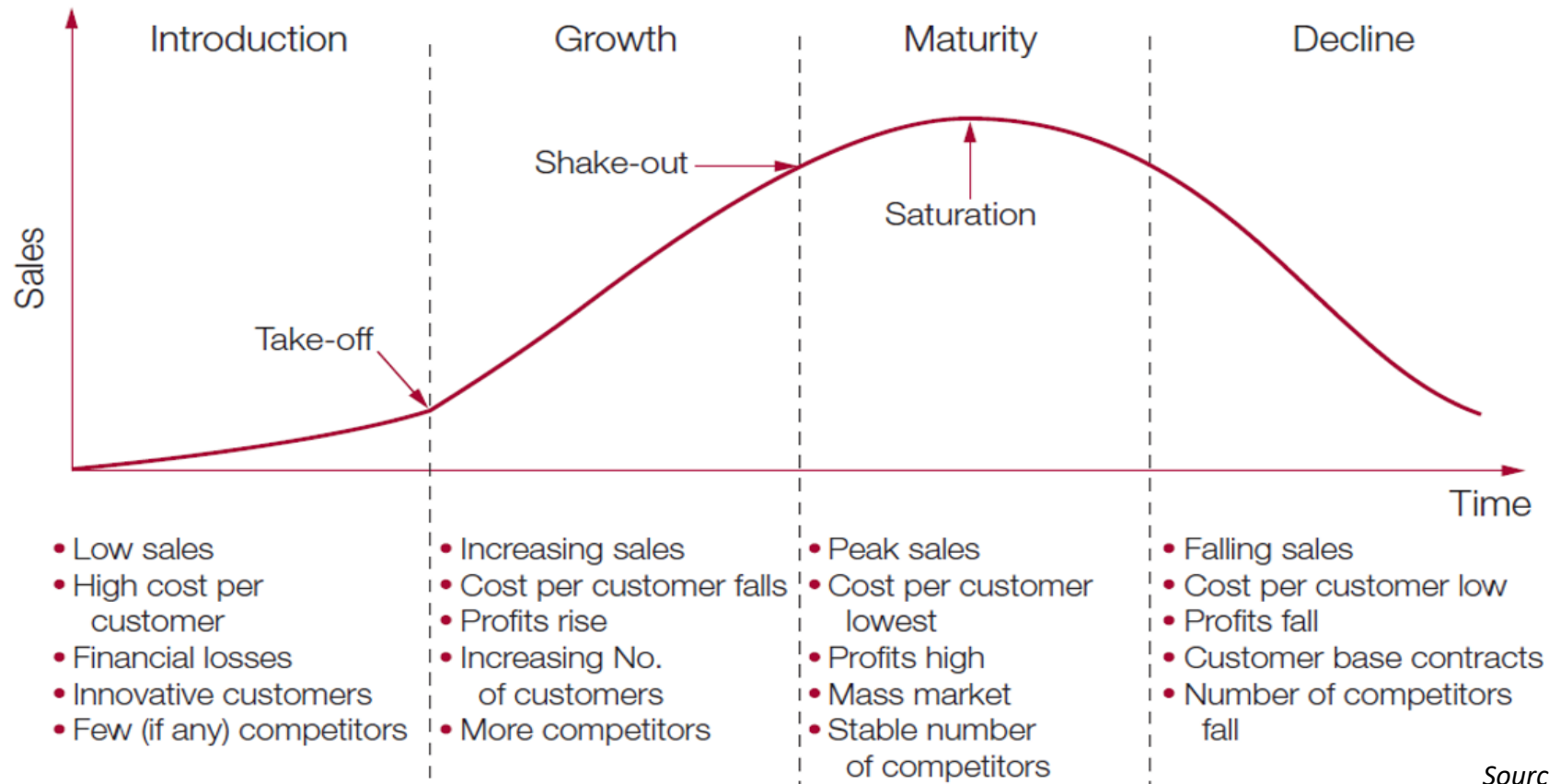
The second level is the expected product which has the basic attributes plus all the characteristics customers normally expect.

The third level is the augmented product: it exceeds customer expectations.

The last level is the potential product which includes original characteristics that really distinguish the offering.

Product lyfe-cycle

The 4 Life Cycle Stages and their Marketing Implications



Source: <https://marketing-insider.eu/>

2. Brand

Definition of brand

The American Marketing Association defines a **brand** as “*a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.*”

Every brand has its own value (e.g. brand equity) endowed on products and services. It may be reflected in the way consumers think, feel, and act with respect to the brand.

01  +16% 214,480 \$m	02  +10% 155,506 \$m	03  +56% 100,764 \$m	04  +16% 92,715 \$m	05  -5% 66,341 \$m	06  +6% 59,890 \$m	07  +6% 53,404 \$m	08  +2% 48,601 \$m
09  -6% 45,168 \$m	10  +5% 43,417 \$m	11  +10% 43,293 \$m	12  -8% 42,972 \$m	13  -1% 41,006 \$m	14  -2% 39,874 \$m	15  +8% 34,575 \$m	16  -26% 32,757 \$m
17  +11% 30,120 \$m	18  +23% 28,182 \$m	19  -5% 26,133 \$m	20  +4% 23,682 \$m	21  +1% 22,885 \$m	22  +2% 20,798 \$m	23  NEW 20,005 \$m	24  +8% 19,139 \$m
25  -5% 17,712 \$m	26  +12% 17,567 \$m	27  -5% 17,458 \$m	28  -7% 16,864 \$m	29  +3% 16,849 \$m	30  -18% 16,826 \$m	31  +1% 16,617 \$m	32  +15% 16,372 \$m
33  +2% 15,627 \$m	34  +14% 14,214 \$m	35  +3% 13,995 \$m	36  +3% 13,535 \$m	37  +3% 13,053 \$m	38  -2% 13,017 \$m	39  +30% 12,942 \$m	40  +6% 12,213 \$m
	 +14% 14,214 \$m	 +3% 13,995 \$m	 +3% 13,535 \$m	 +3% 13,053 \$m	 -2% 13,017 \$m	 +30% 12,942 \$m	+12%

The brand equity

Best Global Brands 2017 Rankings

Source: <https://www.interbrand.com>

Brand's roles (1)

For customers:

01

Brand identifies the maker of a product and allows consumers to assign responsibility for its performance.

02

Consumers may evaluate differently the identical product depending on how it is branded. Then it is a crucial mean for differentiation

03

Brand can simplify decision making and reduce risk because consumers learn about brands through past experiences, finding out which brands satisfy their needs, and which do not.

Brand's roles (2)

For companies:

01

Brand simplifies product handling or tracing.

02

Brand offers legal protection.

03

Brand loyalty provides an easier prediction of sales and can generate a customer willingness to pay a higher price.

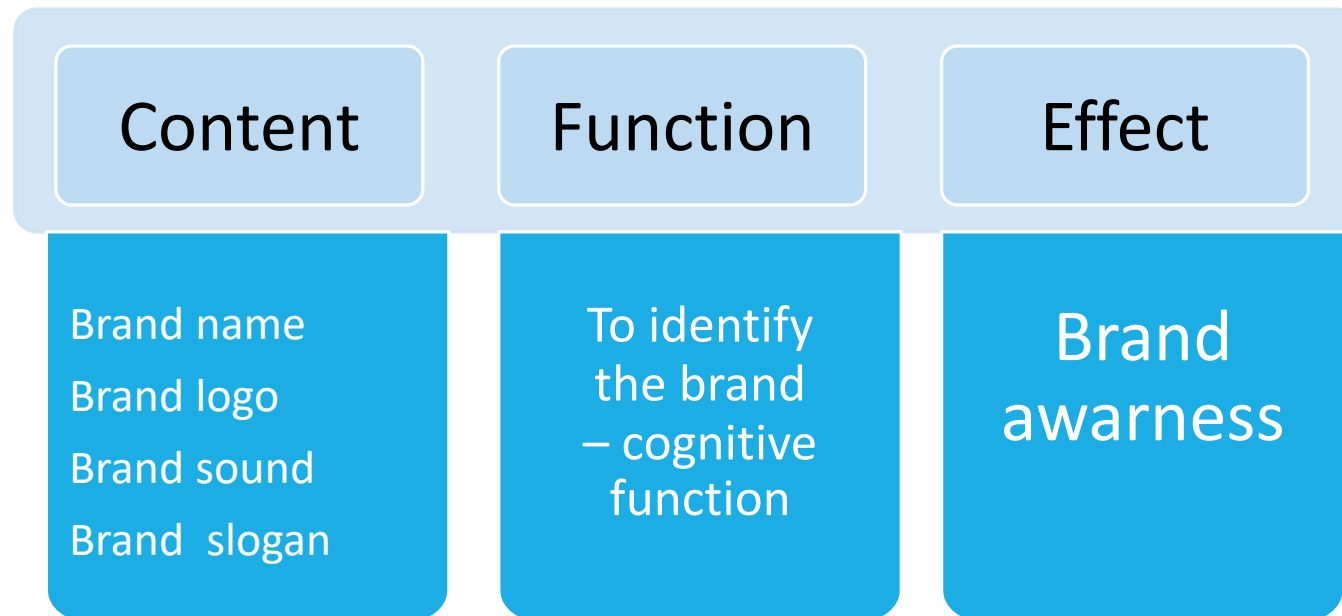
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Brand creates barriers to entry that make it difficult for other firms to enter the market

Brand's components (1)

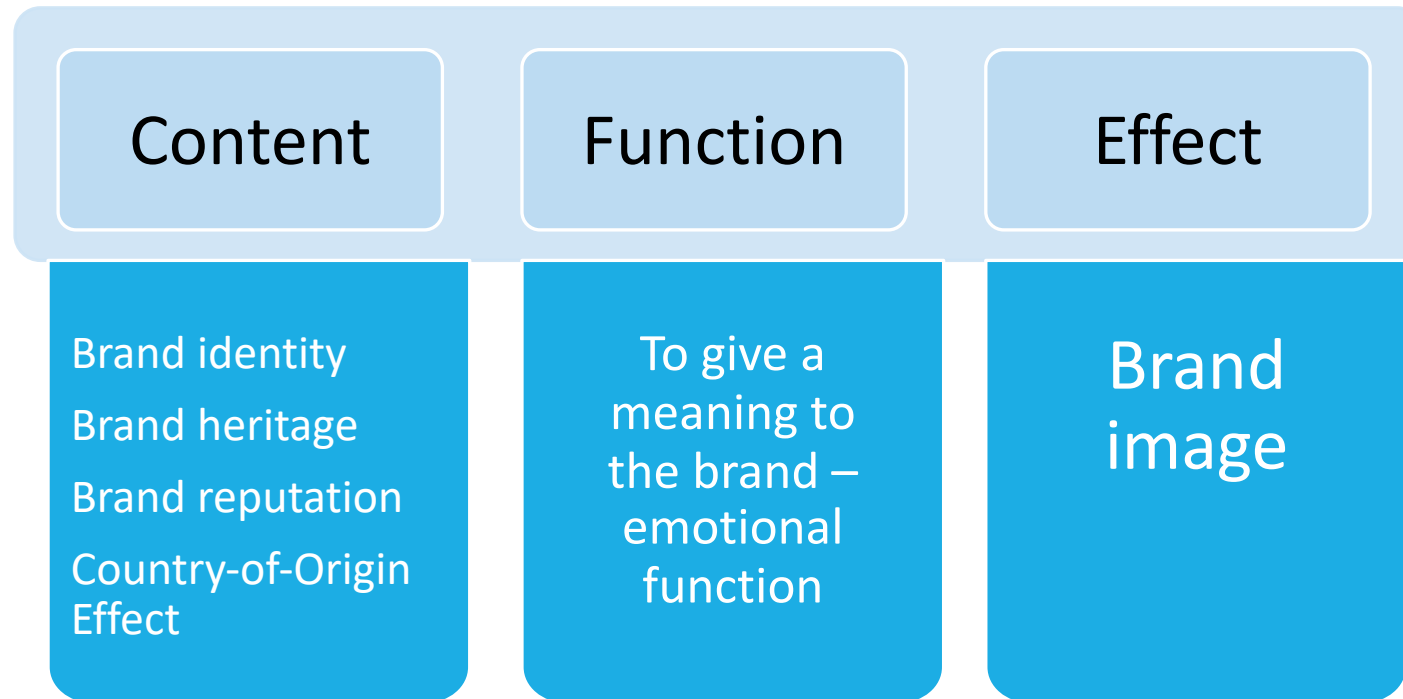
Each brand has two main components to be managed by the company: cognitive and symbolic elements.

1. Cognitive elements are related to those aspects that allow the brand to be known, recognized and remembered.



Brand's components (2)

2. Symbolic elements are those that fill brand with meaning. They have the aim of giving a specific brand image, which regards the sense, impressions and features that customers connect in their mind with a particular brand.



Brand architecture (1)

Brand architecture is the structure given to the brands which are owned by one organization or business. It is related to those companies that must manage more than one products.

Following, a possible hierarchization of brands:

Corporate brand

- It identifies the company. It could be used as an umbrella brand across the entire range of products

Family brand

- It refers to different product categories and may differ from the corporate brand

Brand line

- It covers more complementary products of the same category

Product brand

- It identifies a specific product

Brand architecture (2)

In relation to the strategies adopted by companies on the number and use of brands, three types of identity can be identified:

MONOLITHIC IDENTITY

It is carried out with the branded house strategy, that is, there is only one name and one identity mix (master brand). Usually there is a strong corporate brand directly associated with all the products in the portfolio (the so-called "umbrella brand").

Brand architecture (3)

ENDORSED IDENTITY

It is carried out through the endorsed branding strategy, that is, each brand has its own identity mix but makes more or less explicit reference to an umbrella brand. Each brand has a certain degree of autonomy in positioning but creates a link with the master brand, drawing on established associations and attitudes.

BRANDED IDENTITY

It is the result of the so-called house of brands strategy, whereby each product has a strong and autonomous brand identity, with no reference to an umbrella brand. It creates the advantage of successfully managing market niches creating benefits such as avoiding associations to the master brand if incompatible with the specific offer, pointing out differential advantages or avoiding channel conflicts.

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