

6

Products, Services and Ideas

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Physical products cannot exclusively satisfy all individual, societal and organisational desires. A range of offerings, including products, services, ideas, experiences, places and people are consumed to provide benefits and meet the varied requirements of potential customers and other stakeholders. Although these offerings are very different propositions, they all come under the consideration of the product concept. This chapter will discuss several product categories, develop understanding of the anatomy of a product and create insight into why products and services must be managed from inception. Products are given meaning and are positioned by both consumers and the organisational family. This chapter concludes by discussing the value created by brands from the perspective of the customer, the organisation and other stakeholders.

What is a product?

A product is “anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need” (Kotler et al., 2017:226). The product is central to the marketing exchange process. A product that fails to provide required and promised benefits deters dissatisfied current and new customers. Core benefits sought are varied and products become complex mixes of functional features, intangible propositions and ancillaries that augment the offering. This complex mix is known here as the anatomy of the product and consists of:

- The core benefit offering greater value than competing products.
- The features and design of the product;

- The augmented product consisting all additional services, guarantees and other elements less fundamental to the core product, but never the less enhancing the offering
- The brand and its associations, pulling together all elements of the product.

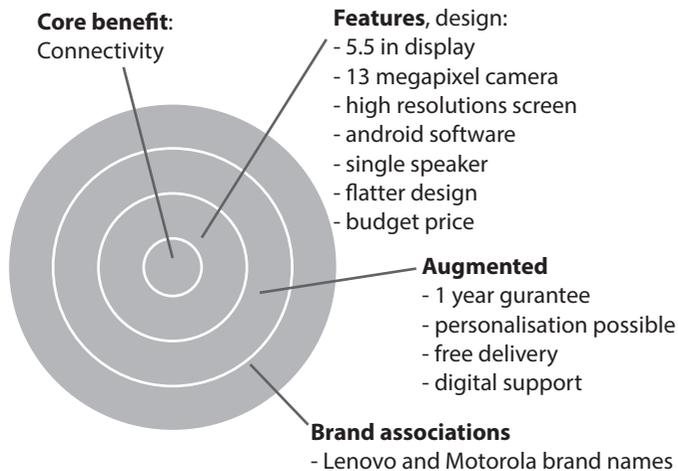


Figure 6.1: Product anatomy – Moto G4 phone

Customers typically rationalise their choices by highlighting their chosen product's superior features, but benefits are often intangible, even for a physical product. An often-quoted example is that the core benefit of a drill is the hole it creates (Kotler et al, 2017). A buyer of a pair of sneakers reports choice based on quality, fit, price, availability, or colour but the main reason for choice springs from the intangible, brand name associations. Ownership of a specific brand makes the purchaser feel good, feel close to a celebrity associated with the brand or offer other social and psychological benefits. Benefits are emotional or functional and product choice made when the full offer provides enough value to justify exchanging resources to obtain these benefits.

What are the associated benefits of each of the design features of the Moto G4 phone? Are all features important to you as a buyer? How much value is added by the brand names attached?

Services are “deeds, processes and performances” (Wilson et al., 2016:5) and transform physical possessions (such as dry cleaning) or physical bodies and minds (such as healthcare or education). Although services cannot be seen or touched, and so are intangible, most do use physical qualities to help the customer evaluate the offering before and after purchase.

Many physical products augment their offering with additional digital support services. Online ancillary content created by the brand owner is available to product users, employees and other stakeholders. Unilever, for example offers the cleanipedia website with tips on home cleaning, asthma control and others issues, to support sales of their domestic cleaning products. Product fans compliment and supplement this technical and commercial information with contributions and tips of their own.

Ella’s Kitchen: Not just food

Ethical brands such as Ella’s kitchen, the maker of organic baby and toddler foods, demonstrate the importance of providing service and ideas along with the physical product. The company, set up in 2006 is now sold in over 40 countries. It was named after the founder’s first child and uses bright colours, convenient packaging and products oozing goodness. The company website offers several non-product related benefits to build customer connections with the brand– a baby ‘foodies’ club, feeding, dietary and recycling tips and social media content. It promotes ethical initiatives such as ‘no child hungry’ and environmental causes. The founder, Paul Lindley suggests, “businesses are waking up to the fact that to engender trust and get people talking about them, they need to have an emotional, as well as a functional, relationship with consumers.” (Bacon, 2017). Perhaps this is why Ella’s kitchen product is an exciting mix of products, services and ideas that resonates with the needs of new parents.

This is an example of the conceptual logic suggesting that service is now the dominant proposition offered by organisations and economies. This is further discussed in Chapter 1.

Types of products and services

Marketers classify their businesses in terms of the customers they serve, i.e. end consumer or business, so business to consumer (B2C) or business-to-business (B2B) . Within these categories, a product can be tangible such as table salt or intangible such as insurance. Most offerings are, however a mixture of both physical and tangible elements and intangible elements, as shown in Figure 6.2.

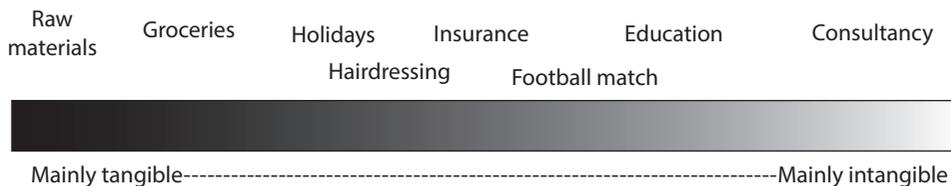


Figure 6.2: The product/ service gradation