

Module 1: Marketing

Lesson 2 - Marketing Mix: Product

OVERVIEW

This marketing mix lesson explores **product**. Students will learn the different types of product categories and what makes each unique while recognizing the characteristics that differentiate products from services.

OBJECTIVES

1. Define product.
2. Distinguish between product and service.
3. Explain the concept of product management.
4. Differentiate between tangible and intangible product attributes.
5. Identify the characteristics of a perishable product.

KEY TERMS

Capital Goods

Convenience Products

Intangible products

Product

Raw materials

Services

Shopping Products

Specialty Products

Supplies

Tangible products

Unsought Products

This Lesson Bundle Includes:

- Introduction to Product - Lesson Outline
- Introduction to Product - Slide Presentation
- Industry Application - Related Links

Lesson 2 - Marketing Mix: Product

MARKETING MIX: PRODUCT

What is the Marketing Mix?

The four components of the marketing mix are **product**, **place**, **promotion**, and **price**.

What is a Product?

A **product** is a good or service created to fulfill consumer wants or needs. Products can be physical items, such as a bar of soap or a pair of jeans. Products can be digital, like a book or an app downloaded to your mobile device. Products can also be virtual, like a clothing purchase for an avatar in a video game, often referred to as a *microtransaction*.

Products come in many shapes, sizes, and forms.

Products are categorized into three types:

1. **Consumer products**
2. **Industrial products**
3. **Services**

There are also several broad classifications within each product category.



Why is it important to classify products?

Short answer: Marketing! Understanding a product's characteristics helps businesses to better understand the product's life cycle, and make better decisions on how, and to whom, the product will be marketed.

1. Consumer product classifications:

- Convenience products
- Shopping products
- Specialty products
- Unsought products

2. Industrial product classifications:

- Capital goods
- Supplies & Services
- Materials

3. Service classifications:

- Services for People (healthcare, hotels, personal care, etc.)
- Services for Goods (repair and maintenance, transportation, shipping etc.)

1. Consumer Product Classifications

Convenience Products

Convenience products are the most common type of products, purchased most frequently by consumers. Convenience products require minimal effort from consumers to make a purchase, hence the "convenience" classification. These products are typically low-priced items without much variance from business to business or brand to brand.



Convenience product examples:

- Toothpaste
- Gatorade
- Reese's Peanut Butter Cups

Shopping Products

Shopping products are different from convenience products in that consumers invest time, energy, and effort researching that product prior to making a purchase decision. If a consumer is shopping for a new car, they will spend time researching and comparing various product offerings. They will want to “shop around” and learn as much about the options available to them before deciding which product to purchase. Shopping products typically range from affordable items, like shoes or clothing, to higher-priced items like a vehicle.

Shopping product examples:

- Airline ticket
- Gaming console
- Ford F-150 electric truck
- Flat-screen TV

Specialty Products

Specialty products are products designed to fill the needs and wants of consumers in a unique market. These products appeal to fewer consumers as they only offer value to consumers who have a specific need or want. Specialty products may offer a certain type of performance, such as a fitness watch with features to track athletic performance. These products are often defined by their branding qualities, like luxury goods that target high-income consumers that can afford the product.

Specialty product examples:

- A Nike+ Apple Watch
- A Sub-Zero refrigerator
- A Louis Vuitton handbag

Wealthy consumers may seek high-end specialty products because these products offer specialty features, and the products carry a caché that helps them maintain a specific social image. A good example of this strategy is when homeowners seek out specialty high-end appliance brands, such as Sub-Zero and Wolf, to outfit their kitchens. These luxury brands offer products that exceed the price range for the typical consumer, and because they are specialty products, require a marketing strategy that targets mainly wealthy consumers.

Some products are available at a variety of price points—from affordable to luxury. Consider watches. If you search on Amazon, you can find hundreds of basic watches for under \$25. But if you look at high-end watches, you'll notice that they may have special features, such as an altimeter, GPS, waterproof at depths suitable for divers, and may be constructed from high-end materials and/or feature luxury design. Some watch brands offer products in various price ranges from affordable to luxury. In the case of a brand with wide-ranging price points, the marketing model would need to bring in customers from a variety of demographics. Also, in this case, it becomes important to educate the consumer on the differences between various products to help them make an informed purchase.

Unsought Products

Unsought products are those products that consumers aren't typically planning to buy or are not something they look forward to purchasing. Unsought products are necessary, but may not be products that the consumer knows about or may not normally think of buying. Unsought goods are sometimes purchased out of a sense of fear or danger, such as fire extinguishers, smoke detectors, and other safety items. Other unsought products are goods that expire, such as batteries. Marketing unsought goods involves reminding consumers of the existence of a given product, and convincing them that purchasing the product will lead to a greater sense of security.

Unsought product examples:

- Car Insurance
- Carbon monoxide detector
- Rodent traps



Classifications of Consumer Products



CONVENIENCE PRODUCTS	The most common type of products, purchased most frequently by consumers.	
SHOPPING PRODUCTS	Consumers invest energy and effort "shopping around" prior to making a purchase decision.	
SPECIALTY PRODUCTS	Designed to fill the needs and wants of consumers in a unique market.	
UNSOUGHT PRODUCTS	Products that consumers aren't typically planning to buy or look forward to purchasing.	



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2. Industrial Product Classifications

Capital Goods

Companies use **capital goods** in the production process for services and finished goods for consumers. Examples of capital goods include machinery, transportation vehicles, buildings, and tools. Capital goods are used to make finished goods.

Examples of capital goods:

- Real estate, buildings, parking lots, and warehouses
- Assembly line at a Tesla plant
- Computers for staff and copy machines
- Heavy equipment like trucks or cranes

Supplies and Services

Supplies and services are any short-term goods, materials, or services that are necessary for the day-to-day operations of a company or business. Supplies never become part of the finished goods. They are used to facilitate the business operation.

Examples of Supplies and Services:

- Pens, pencils, stationary
- Cleaning supplies
- Paint
- Building maintenance service
- Security service



Materials

Raw materials are substances that are extracted directly from natural objects. Raw materials are necessary for manufacturing.

Examples of raw materials:

- Lithium, cobalt, and nickel, the primary metals used to make the EV batteries that power electric vehicles
- Silicon, cobalt, and copper used to make the computer chips that power laptops, smartphones, gaming consoles, and nearly every other electronic device
- Wood used to make paper products and furniture
- Textiles used to make footwear products and clothing

Component materials are products that become a part of a finished product.

Examples of component materials:

- Glass
- Ball bearings
- Tires

3. Service Classifications

What is a Service?

Services are processes and not physical products, and are defined by two distinguishable characteristics:

1. **Services are intangible**
2. **Services are perishable**

Services are intangible and represented by something that satisfies an identified need through some form of exchange. Like certain products (like produce, milk, or canned goods), services are characterized as **perishable**.

Perishability is the ability or need to store (inventory) a product and typically have an expiration date or shelf-life. Not even the world's best sales or marketing professional in the world can sell yesterday's unoccupied hotel room.

Services are presented in the form of things like restaurants, educational institutions, consulting firms, and hotels. Services may also be represented by experiences, like a guided fishing excursion or skydiving. Some services are considered to be luxury services, like a limousine service or a personal chef.

Certain businesses build an entire business model on providing a service. Examples of service-based companies include Airbnb and Uber, which do not offer products, rather they sell services and experiences.

Service classifications include:

- **Services for People (healthcare, hotels, personal care, etc.)**
- **Services for Goods (repair and maintenance, transportation, shipping etc.)**



TANGIBLE PRODUCTS VS. INTANGIBLE PRODUCTS

While most products are **tangible**, physical goods, products can also be digital or virtual, or a service or an idea that is offered to satisfy a consumer want or need.

Intangible products have no physical existence and cannot be touched or held. Your mobile device, a tangible product, contains intangible products, like your music collection, apps and podcasts. Intangible products feature unobservable characteristics that a physical good possesses, such as style, quality, strength, or beauty.

Examples of Intangible Products:

- Travel
- Insurance
- Education
- Digital music, games, apps, podcasts
- NFTs
- Avatars and microtransactions

Quality Products

A **quality product** satisfies customer needs, serves its purpose and meets industry standards. In evaluating a product's quality, there are several factors to consider:

1. Does the product solve a problem?
2. Is the product efficient?
3. Does the product meet the customer's purposes?
4. What is the product's value in relation to its cost?
5. Is the product reliable?
6. Is the product durable?
7. Can the product be serviced?
8. What is the customer's perception of the product?

Even the best marketers and salespeople in the world can't promote or sell an undesirable product. No matter how much effort an organization puts into its marketing, promotion and sales efforts, they will face challenges generating and sustaining interest in the product if they don't offer consumers a quality product.



KEY TAKEAWAY



A product is a good or service created to fulfill consumer wants or needs. Products can be physical items, such as a bar of soap or a pair of jeans, digital, like a book or an app downloaded to your mobile device, or virtual, like a clothing purchase for an avatar in a video game (often referred to as "microtransactions").

Products come in many shapes, sizes, and forms. Traditionally, products have been categorized into three primary product types:

1. Consumer products
2. Industrial product
3. Services



NOTES

Your Marketing Insights from SCC curriculum will explore this concept (product) in depth in module two.

Lessons relating to product include:

- Introduction to Entrepreneurship
- Invention vs. Innovation
- Product Planning
- Product Life Cycle
- Distribution & Supply Chain



INDUSTRY APPLICATION

Connect your classroom with industry examples by reviewing the following news stories relating to concepts covered in this lesson:

Microtransactions - [Microtransactions Are Great For Game Companies, Less So For Players](#)

Microtransactions - [The True Horror of 'Diablo 4's' Costly Microtransactions Has Revealed Itself](#)

Product - [Apple's new Vision Pro headset will cost \\$3,499, arrive in 2024](#)

Product - [The Watch List: The product launches we're most anticipating in 2023](#)

Service - [New Las Vegas-based car rental company to test driverless delivery service](#)

KEY TERMS DEFINED:

Capital Goods: Products that are used to make finished goods.

Convenience Products: Products that require very little effort from consumers to make a purchase.

Intangible products: Products that exist virtually.

Product: A good or service created to fulfill consumer wants or needs.

Raw materials: Substances that are extracted directly from natural objects.

Services: Processes and not physical products. Services are both intangible and perishable.

Shopping Products: Products that consumers invest a lot of time, energy, and effort researching the product prior to making a purchase decision.

Specialty Products: Products that are designed to fill the needs and wants of consumers in a unique market.

Supplies and services: Any short-term goods, materials, or services that are necessary for the day-to-day operations of a business.

Tangible products: Physical products that can be touched/held.

Unsought Products: Necessary products that consumers aren't planning to buy.

