

What are the three levels at which a product can be seen?

Business



Assignment No. 9 Rome Business School Q1 What are the three levels at which a product can be seen? In response, use a concrete example of product. The product is defined as a " thing produced by labor or effort or the " result of an act or a process" and stems from the verb produce from the Latin 'produce' which means to lead or bring forth'. The first economic use of the word was by Adam Smith, known as the father of modern economics. - Kotler et al (1989) For marketers, it is useful to divide the product into three main categories, being the Core Product (Also known as Core Benefit), the Actual product and the Augmented Product.

You can see them in the diagram below with some examples of what they encompass. -Kotler et al(2006) I shall use the example of the Adidas Sports apparel, a product line which they have used heavy societal marketing to promote. Adidas is the largest sportswear manufacturer in Europe, and the second largest in the world. The 11% increase in sales in 2011 thanks to their new marketing efforts has meant an income of around 634 million euros. Out of this, they invested about 136 million euros in Marketing. About 1/6th of their income. -Adidas annual report (2011)

The strategy behind selling their sports apparel, has been to differentiate the offering from their competitors like Nike by providing more customization for the customers. They say their key strategic pillars are: Gaining sales and market share with key growth categories such as running and basketball within Adidas Sport Performance Leading the industry in the fields of customization and interactivity across categories Expanding Adidas Sport Style in the fast-fashion business with the Adidas NEO label It is obvious

here, that Adidas has invested heavily in developing all three layers of their product.

The Core Product: this is the part of the product which satisfies the basic need of a consumer by providing a basic benefit. For Adidas apparel, it provides a comfortable clothing in which to do physical exercise. Adidas, how started producing the standard type apparel shirts we see today in the 1980s when they had their largest boom in sales. The core benefit, does not however distinguish the product from competitor's offerings, but it is useful to know in order to give the company a clear idea of exactly what need they are fulfilling.

The Actual Product: This is the physical product into which the core benefit is translated into, but at this stage, the marketer has to make it physically and cognitively different from the competitor's offerings in order for it to sell and retain a unique position in the customer's mind. Kotler (2006) states that this can involve deciding on the quality level, product and service features, styling, branding and packaging. It is not the same as the 4Ps of marketing, because those include place and promotion, which are not direct product attributes.

I shall describe each of these so as to give a full idea of what Adidas has done to define and perfect the actual product. a) **Product Lines:** In the 1990s, Adidas subdivided their apparel to appeal to three types of customer segments: the sportsmen (for which they opened Forever Sport), this was based on the original concept of the brand by founder Adi Dassler . He made Adidas to help athletes perform at the peak of their ability, and this goal

continues to drive the brand's activities today. Adidas performance is focused on meeting the performance needs of all athletes.

Forever Sport products are "engineered to perform", bringing high-level, performance-oriented products and innovative technologies to the market. Forever Sport is structured into five main sports categories: running, basketball, football, tennis and training for sport. The brand-followers in the lifestyle market- or which they opened the style-focused Adidas Originals . The originals line includes the brand NEO. The Label focuses on more accessible price points, maintaining a premium to competitors. From a gender split point of view, adidas NEO is targeting primarily the girls who account for two-thirds of the business.

The Original division allows adidas to increase its reach into the lifestyle market, without losing sight of its long heritage as the original performance brand. The Original division is geared specifically toward consumers who may be less active sports participants, but who are style setters and style leaders. It is these people who set the trends which are later adopted by the mass market. Originals speak to the needs and values of the lifestyle consumer with concepts that are smart, cool, positive, modern and alive. Adidas Originals are the perfect fusion of heritage sport authenticity and global street style.

Lastly, for the sports-elite Adidas opened Adidas Sports Style . Adidas defined the last one as the "Future of sportswear, which includes the labels Y-3 , Porsche Design, Adidas SLVR and Adidas NEO. Their positioning statement was "Style your life" . The overall marketing statement that ties these three product categories is "Adidas is in all". They made these <https://assignbuster.com/what-are-the-three-levels-at-which-a-product-can-be-seen/>

product lines for the general public, but the main focus was on supplying the sports wear of the major sports , focusing on football, tennis, basketball, cricket and athletics and rugby.) Manufacturing level: Adidas owns four factories in China, the US, Germany and Japan, as well as sharing manufacturing with 863 other factories worldwide, 60% being in Asia. For the Y-3 product lines, they have used expensive materials at times such as kangaroo leather (football shoes with kangaroo leather were worn by david bechkam in 2006) , and many shoes in the SLVR style, also have camel fur and the softest of fabrics available on the market (which inevitably drives the price up) .

Most of their apparel, especially for the sports shirts is made of a polyester/cotton blends. c) Quality level and Pricing: Adidas strives to “ Make athletes better” , therefore the quality of their apparel has been produced to mirror that statement. The fact that their shirts are worn by the best athletes (and celebrities) in the world such as Rafael Nadal in tennis, David Beckham in football and Suresh Raina in Cricket only proves the quality of the apparel they sell. In their own words Ensures Adidas material quality meets or exceeds customer expectations Ensures Adidas takes a leadership role in the industry in terms of material quality and color management Leads material quality in the pursuit for continuous product and process improvement” -Adidas (2011) In regards to pricing, Adidas is still adopting a price skimming strategy on their new products. For example, shoes in the Y3 and SLVR line cost about 300-700 USD. The price decreases with more economical brand ranges such as the Adidas originals, but still remains higher than the competitors like Puma and Nike.

They do also have used however penetration pricing, especially in their new strategic markets like central Russia and china, to ensure their products stay competitive at the point of sale. d) Styling level : The style of Adidas has been focused around being a “ young” for the type of customers which were the main users of the apparel: upcoming sports men , or people who want to be in shape (therefore feel younger). They say the design of their clothing should be “ elegant, timeless, honest, inspiring and courageous”.

To ensure they recruited the best designers, they opened their own design academy with schools in Tokyo, New york and London, as well as hiring what is probably the world's best youth designer, Japanese Yohji Yamamoto . e) Branding: One of the biggest marketing achievements I think has been that of Adidas’s brand management, where they established almost unparalleled brand identity. They say their brand mission was to “ be the leading sports brand in the world” and they described their brand values to be “ Authentic, passionate, innovative, inspirational, committed and honest.

Adidas believe that consumers want choice. Therefore, the group implemented a multi-brand strategy, which allows them to capitalise on opportunities from several perspectives, as both a mass and a niche player. According to that, the brand is able to keep a unique identity and focus on its core competencies, whilst simultaneously providing the group with a broad spectrum of products. International marketing is crucial for the group in its quest to generate substantial profits; as survival depends on their established presence on the global world market.

Their strategy was to concentrate on specific customer needs and wants. As they put it “ Only by identifying and understanding consumers’ buying <https://assignbuster.com/what-are-the-three-levels-at-which-a-product-can-be-seen/>

habits, their fitness level, their motivations and goals for doing sport and their individual lifestyle, can we create meaningful products, services and experiences that build a lasting impression" To do this , they divided each product segment e. g the Adidas originals into various brands which focused on target-specific wants as as to generate greater customer loyalty.

Each brand is responsible for the execution of it's own strategic focus (DE-centralized management approach) by creating a constant stream of innovative and inspiring products and generating communication strategies that represent each brand and category in an engaging and compelling way. Their major brands are: NEO, SLVR, Y-3(high price range), Reebok , Adidas originals, Adidas golf and CCM Hockey. Reebok is an especial success story of their brand because it didn't stem rom them, but was acquired as part of a global expansion strategy in It occupies a specific market which then support's Adidas's brand strategy instead of cannibalizing it. It's market is similar to that of the Adidas Originals, Reebok is suppose to make the consumers " fit for life". Innovation at the brand is rooted in developing technologies and concepts that enable consumers to train at their best every day, whether they are running to keep fit, exercising in the gym or participating in other fitness activities.

Reebok Classics leverages the fitness attitude and roots of the brand into the lifestyle segment. Reebok thus focuses in-between the two ends of the consumer spectrum as you can see in the diagram below To give the product a brand identity, the focused on getting Brand ambassadors within sports as well as sponsoring many team shirts and events. For example, they teamed up with FIFA, clothing most of the world's football teams including <https://assignbuster.com/what-are-the-three-levels-at-which-a-product-can-be-seen/>

Manchester United, Barcelona, Argentina, and recently signed up Manchester United winger Nani as their new brand ambassador.

It is to be noted, they do not only have one, but several brand ambassadors for their different apparel product categories. For example, they hired NBA's champion Kobe Bryant to reinforce Adidas's support of the "best of the athletes" and also their design credentials. f) Packaging - Adidas helps customers distinguish between the fakes and the originals with the help of its packaging. Most clothes bought even in the shops have several tags with manufacturing details, composition, designer information, history of the item, washing guidelines and a hologram with the logo that can be seen clearly.

The packaging also helps to communicate the brand value's of sustainability. The packaging for the shoes for example comes from 100% recycled material, and to save on fuel costs, the weight on packaging has decreased by 33% since 2006. g) Service Features - Adidas tries to help its customers find the right product for them, and most of their service is centered around this. In-store they have trained staff that can consult customers what is the best product depending on the sport they do, or what they want to achieve fitness wise.

They also have stylists which in their major stores can help a person re-define their style. Lately, they set up a VFW (a Virtual Footwear Wall). It's the first in the world and can be found at its flagship store on London's Oxford Street, which uses advanced touch screen technology and real-time 3D rendered products to allow customers to find out more about products before they buy. They can rotate footwear, view it from multiple angles, zoom in to <https://assignbuster.com/what-are-the-three-levels-at-which-a-product-can-be-seen/>

see details, etc. The Augmented Product: this part of the product is the non-physical part of the product.

It usually consists of lots of added value, for which you may or may not pay a premium. It may include the warranty, the customer service support offered, Installation, delivery, financing help and after-sales service. The augmented product is an important way to tailor the core or actual product to the needs of an individual customer. The features of augmented products can be converted into benefits for individuals. For Adidas, the augmented product of their apparel is that it provides a complete solution for the exercising needs of the individual.

Through their marketing efforts, they have created an Adidas sports community to make the customer really feel as part of a group when they purchase the apparel. Adidas provides the customer with its brand as a way of definition of the self, as one aspires to have the brand personality. It therefore can be used as a group identification tool, for the group that one belongs to, and one that they aspire to be. To help in this, Adidas offers heavy customization of the product as well as the possibility of designing and ordering team shirts.

In their website [miteam.adidas.com](https://www.adidas.com/miteam), they really try to create a sense of "team spirit" with their brand, and often those who have bought their shirts get invited to events such as their catwalk openings. Apparel is also warranted for 6 months after purchase, with the possibility of returns if the client is not satisfied with the product. Q2. Provide examples of the four types of consumer products and how they vary in the way in which they are

marketed. The United States Consumer Product Safety Act has an extensive definition of consumer product, which begins:

Consumer Product-The term “ consumer product” means any article, or component part thereof, produced or distributed (i) for sale to a consumer for use in or around a permanent or temporary household or residence, a school, in recreation, or otherwise, or (ii) for the personal use, consumption or enjoyment of a consumer in or around a permanent or temporary household or residence, a school, in recreation, or otherwise; but such term does not include— (A) any article which is not customarily produced or distributed for sale to, or use or consumption by, or enjoyment of, a consumer,

Kotler et al(2010) describes five main types of customer products as you can see bulleted below

- 1) Convenience Products are those that customers buy frequently, immediately and with a minimum of comparison and buying effort. e. g candy, magazines and fast food
- 2) Shopping products are less frequently purchased and it is those that customers compare carefully on the basis of suitability, quality, price and style. Examples are furniture, clothing, used cars, hotel and airline services.
- 3) Specialty products are those with unique characteristics or brand identification for which a significant group of buyers is willing to make a special purchase effort .
- 4) Unsought product are consumer products that the consumer either does not know about or knows about but does not normally think of buying. Most major innovations are unsought until the consumer becomes aware of them through advertising. Classical examples are funerals and blood donations to the red cross. These products require a lot of advertising, personal selling and marketing efforts.)

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Industrial products are those bought by individuals and organizations for further processing or for use in conducting a business. The three main groups are materials and parts, capital items and supplies and services. I have chosen four customer products, starting from the cheapest to the more expensive. I shall describe the marketing for these four consumer products:

- 1) Pink lady apples. (Convenience Product) The Pink lady apples come from a variety called “ cripps apples”, originally bred by John Cripps which made them an especially crisp and fruity variety.

The apple variety is owned by the DAFWA(Department of Agriculture and Food, Western Australia) and run by IPLA (International Pink lady alliance) which is a large collection of apple farmers that have special rights to cultivate the apple worldwide. Pink Lady brand apples must meet certain trade mark quality specifications. Criteria for the specifications include sugar content, firmness, blemishes and color. Inspections are regularly performed to ensure both the quality and traceability of the apple from the orchard to the shop.

This is part of their marketing as the Origin is an important point of product differentiation. Its brand started when one of the producers offered the apple to his wife for valentine, thus came the idea for the romantic theme of the apple and its main slogan “ Pink Lady-so much more than an apple”.
Product: The main product features (part of the actual product) are : It's elegant : with its characteristic glow and perfect complexion... It's good enough to eat ! It is sensual : with its voluptuous charm, subtle fragrance, delicate and juicy flesh, it is the most glamorous of apples.

It denotes pleasure : its crunch combined with the subtle aromas of wild strawberries, vanilla, litchi and rose give this fruit a unique and long lasting taste! It is the perfect balance of sweet and slightly tart. -Pink apple. Com Their marketing campaign was aimed at increasing the apple's sales and positioning it as an apple of better taste and higher quality than competitor products . They succeeded, especially in Italy where 97% of the customers thought it was a higher quality apple than the others.

They also highlighted the product's attributes, and marketed it for it's nutritional quality, having high amounts of Vitamin C, antioxidants and fiber. An initial campaign featuring Audrey Hepburn, heroine of cool girls the world over, propelled Pink Lady toward becoming the most popular girl in school. Marketing campaigns revolved around female-centric holidays , Valentines Day, mothers Day, and worthy, trendy causes (breast cancer research). To market the apple they have done the following:) Branded it with appealing heart shaped stickers: Most competitors have products with round poorly visible stickers, but Pink Lady has put larger pink heart shaped stickers to attract the customers to buy the product in-store b)Promotion: Television campaign: One of the few apple companies that launched a very successful television commercial to highlight the romantic nature of the apple . Their main target market is obviously women who care about their bodies and want to eat healthy nutritious but also great tasting apples.

They also released a couple of arty Posters, featuring people eating the pink apple in Paris, worthy of bedroom decoration. Pink Lady has undertaken also a wide range of initiatives to boost the brand and consumption in the U. S. , forming alliances with other groups such as the American Cancer Council and <https://assignbuster.com/what-are-the-three-levels-at-which-a-product-can-be-seen/>

Sherwyn Williams. The latter has been an important promotion strategy called 'paint it pink'. Where the customers were encouraged to paint something pink in their life, and then they could submit the picture to the Pink company via their website and win cash prizes.

They have also been involved in flash mob dances and enlisted Biggest Loser celebrity Ali Vincent as a Pink Lady spokesperson. It is hoped that other initiatives including pre-mix cocktail development and branded sliced apples could also boost the brand in the future. They have also aligned with Walt Disney companies to produce "Pink-Kids", that will in the future not only sell apples that have a higher sugar content than the ones for adults, but also make pre-packaged snacks .

Pink lady also uses heavy occasion-marketing , offering customers discounts, apple recipes, gift bouquets with roses and apples as well as cards with pink lady cartoons as a part to boost sales for occasions like Valentine and Mother's day. Online, through their website Pink lady offers many , recepies, competitions like the food photography award, customer opinion blogs. They use other websites such as facebook and twitter to promote awareness of the brand.

They also organize and take part in events such as the Vitality show (wellness and fitness exhibition in the UK), The Virgin London marathon and the Valentine's day bonanza, where the winner this year won a new FIAT 500. c) Elite Pricing: Pink Lady apples cost on average 3. 20 Euros per kilo, which is about 1. 50 euros more than their competitors. They distinguish their product through this, thus appealing to the more wealthyhealth-

conscious customers. They target the generation X and baby boomer females, who have more disposable income on luxuries.

As John Reeves, the CEO Says “ The Pink Lady is high priced even when it’s on promotion” d) Place: Pink lady apples are not sold directly by the company but via upmarket retailers such as Coop supermarkets in Italy, or Waitrose and Sainsburys in the UK . Their marketing campaign recently has been aimed at increasing sales in developed countries of the world. Here, is an example of a couple of countries. They have started marketing with retailers in Brazil, India, China (giving import licenses in Shanghai and Shenzhen)and Russia.

They do this by organizing B2B exhibitions and meetings, with potential wholesalers and retailers who then push the product to the customer through in-store promotions. For their direct customers, Pink lady applied the concept of Experiential marketing . They opened many kiosks on the high streets of the big cities like London, gave free apples away at offices, talked face to face with the customers and went into schools to tell the romantic foundation story. This really encouraged the customers to try the apple and then buy it.)Customer Relationship management : This was designed for email marketing to the 8, 000 strong Pink Lady Club database to engage with Pink Lady loyalists, to promote the weekly competition www.pinkladysunshine.co.uk/your-sunshine-moment/ and encourage them online to enter the main competition. It also kept track of online poles, customer surveys and general comments posted about the apple online. Overall, the Pink lady has differentiated itself from it's competitors by positioning itself as an apple for women who was both nutritional and sensual to eat.

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The augmented product included the membership that one could have to the Pink club, the competitions one could enter, as well as the information one had on its production and origins. The mainly societal marketing approach aimed to increase sales in the Northern hemisphere before moving onto the southern hemisphere worked incredibly well, letting them be the no. 1 favored apple of Europe by 2012 and providing them with a sustainable competitive advantage. 2) Zara Clothing: (Shopping Product) Zara is owned by the Inditex Group.

Inditex Group is a large company based out of Spain running around one hundred stores dealing with textile design. Inditex operates over 4,350 stores worldwide with brands like Massimo Dutti, Bershka, Oysho, Pull and Bear, Zara, Zara Home, Uterque, and Stradivarius (History of Zara, 2008) Zara is present in 71 countries, with a network of 1,475 stores located in major cities throughout the world. The group also has a distribution center in Zaragoza, called Plataforma Europa, which distributes to all the Zara stores within Europe. " Marketline France Apparel retail industry report, 2008, pg. 20) Zara's marketing strategy has been centered around creating Zara clothing, not as a "fad" but more as a lifestyle choice for the independent working woman. They seek to bring the major catwalk models into the ordinary life by making the design more practical and economic. To do this, they had to understand the "psychology" of their customer needs. Including, what makes the customers re-buy Zara products and how they feel when they are wearing them. They discovered that 1/3 women don't like the way their clothes fit them.

To overcome this, Zara recruited a team of designers that completely revolutionized the Product, making them “ look beautiful” on almost every body. They did this by accentuating the style and neutralizing the body contours beneath the body. Now, the customers who wear Zara have an immediate “ self esteem” boost, which is why the company boasts an incredible growth of about 18% per year. 1) Place . Zara's target market is the Euro-chic crowd who wants more fashionable clothes with a shorter lead time. Zara produces lower quantities of clothing, therefore the supply of their items are very scarce.

Zara relies more on location of a retail establishment rather than advertising to attract customers. Only . 3 percent of sales are spent on advertising for the company compared to that of its competitors who spend around 3. 5 percent. Zara is more concerned with finding the exact retail site that best suits the company rather than spending the extramoneyon luring customers into the store . They usually book the bottom floors in large shopping malls, so they are the first stores which a customer visits, and they also ensure that their spot on the high street is in the most visible areas and install very large windows in their shops.

The inside of their stores is usually moderately lit, with a minimalistic furniture and decor, and a definite “ professional” vibe. This matches with Zara's brand personality . 2) Pricing: Zara has often adopted a market penetration pricing strategy by positioning itself cheaper than most of it's competitors as you can see in the diagram below: c -Slideshare(2012) They give many coupons, online discounts and do frequent bargain offers in their shops. They seek to keep the prices fairly low and to provide quality. as can <https://assignbuster.com/what-are-the-three-levels-at-which-a-product-can-be-seen/>

be seen in the diagram above). The pricing ties in with their logistics strategy to have a high turnover of clothes. Louis Vuitton's Fashion Director Daniel Pietter has described the brand as "the most innovative and devastating retailer in the world. Zara has a reputation of disrupting the market wherever it goes. A clear brand proposition has been crucial in the brand's success. This is a great example of a brand built on a simple idea that is delivered ruthlessly and at a good price" --Daniel Pietter, New York Times (2010)

Promotion: Zara, compared to her competitors in the haute fashion world has never been a big fan of using television commercials, but rather celebrity endorsement. The most chic considered stars like Angelina Jolie, Scarlett Johansen and Nicole Kidman have all been famous supporters of the Zara brand. To reinforce this celebrity image, all of their marketing material like their brochures glossy, expensive looking and glittery. However, they never make adverts on large billboards nor use posters. Because they do not use a lot of TV advertising, they are spending relatively little on their marketing campaign (about 0.5% of total revenue). Therefore, their marketing strategy is focused around Zara's presence in the world and rapid expansion and distribution of its stores. With more than 1,500 stores around the world in over 70 countries, they open around 150 new stores every year. With the brand becoming world renowned, the company is also focusing on sustainable marketing by opening stores which consume 30% less energy compared to the average conventional store. The new stores also save 50% of water consumption and maintain their CO2 emissions below 150 tons a year.

With this said, I have to add that Zara does however organise fashion events to attract its clients. They are present in almost every international fashion

show from Ethiopia to Finland. This presence not only promotes their brand amongst the elite, but also gives their designers plenty of inspiration for the constant innovation they have to deliver. 4) Product : On-top what I have already mentioned in my opening paragraph , it should be noted that Zara produces most of it's clothes in-house, and rarely outsources to ensure major quality control.

If they do decide to outsource, they move their factories to places like Romania and the Czech republic rather than the developing world. This way they also spend less on transportation and can implement a Just-in-time manufacturing approach which guarantees there is a lead time of 2 weeks between the design of the clothing and it's appearance in the retail shops. It should be also noted, that Branding is not a big part of Zara's marketing like Adidas. They never place their logo on any of the clothing they make to avoid competition from imitator products.

Instead, they train their customers to have a 'good eye' on what is the real Zara product and what is a fake. Overall, with minimum marketing effort, Zara is an interesting company because they have demonstrated to the world you can still have customer loyalty and grow rapidly by offering a great value proposition instead of investing heavily in marketing campaigns. In the end, it is the customers through their own word of mouth that promote Zara the most. 3) ING Direct Online Banking:(Specialty Product) ING Is the world's biggest online bank, founded in 1991 and the fastest growing bank in UK history.

It's main target market is the Generation X and Y who know how to navigate the internet very well , who do not have time because of their busy schedule <https://assignbuster.com/what-are-the-three-levels-at-which-a-product-can-be-seen/>

to go to a regular bank, because of their restricted opening hours and also who are interested in saving the money they have. Regular bank accounts make it easier to take out money, but online banks are more geared towards saving money, which is why they usually do not have a minimum deposit requirement. a) Product: ING direct offers banking services and support 24/7 for wherever you are in the world.

The service aspect of their product (the augmented product) is their biggest competitive advantage and biggest source of differentiation. Unlike other online banks and investment groups like Ally bank and Perk Street, they assign every customer to a bank representative which stays with you for as long as your relationship may last in the bank. This is part of their CRM efforts (Customer relationship management) and it has proven to be a big success because people feel less afraid of being just another face in the crowd, and know there is a person in the bank who knows about them and can serve them faster.

The customer does not have to pay service fees as well, as in a regular brick and mortar bank and they offer low interest rates to borrowers and high rates to savers. All of this does great word-of-mouth marketing for the bank, who being online relies on it more heavily than a traditional bank, due to the fears of online scammers. Another big source of marketing for them and differentiation comes from their customer-specialised products.

They have accounts for kids (Kids Savings accounts), Business Accounts and for Pensioners that are more flexible than traditional banks and offer more benefits, and also a cash prize everytime someone opens an account : major way to attract clients. b) Promotion: ING Direct brands itself as the "Forward
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thinking” bank. It tries to deliver innovative marketing campaigns, mostly in the form of billboards, posters and television commercials to its clients. It makes an effort to associate its brand with all the number one achievers in the sports and business world.

For example, it has recently signed a contract with Ferrari and Formula One to become the major sponsor of their events. They invest also in the promotions at Football games, large billboards and Tennis championships. Recently, they launched a new brand positioning campaign which should make clients see them as “ the most convenient way to do everyday banking”. For this they made a 60 second youtube spot, which was then viewed on select tvfinance and news channels like CNN, CBC, CTV, Global and TVA, as well as specialty channels including HGTV, History, TSN, RDS, Series+ and Canal D .

However, a huge aspect of their marketing efforts still is Viral Marketing . They are heavily dependent on website advertising space, you-tube video clips, facebook and twitter online presence to increase brand awareness. They also partnered with application builders to be part of the increasing app market. Now, if you download Sharebuilder app on your smart phone, you can use money directly from your online ING account to invest in the market. The CEO Jim Hemmer says ““ ING Direct's mobile banking and trading apps are innovative and reflect the personality of the brand,”

Overall, ING's financial products have succeeded because it understood its customers. The money ING saved from not building physical establishments, they passed these cost-savings directly onto the customers who now get cash prizes when they open an account, very good rates and no service fees.
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The marketing has been mostly online for them, even if they still do sponsor many sports events, but most importantly it's a bank who has thrived like Zara on word-of-mouth, and based its biggest advertising on the actual products it offered-being more price competitive, more personalized and more appealing than the competitor's offerings.) Nomenus Quarterly (Unsought product). This magazine is the most expensive in the world (about 2200 pounds sterling) and came out as a limited edition of 50 published pieces. It was created by the German artist Erik Madigan Heck, as an attempt " to create something of lasting real beauty". Its publications show photographic spreads of fashions by Azzedine Alaia and Ann Demeulemeester (shot by Heck himself), as well as works by some of the art world's greatest figures, including Lucien Freud and Anselm Kiefer.

It has to be noted that all art in the magazine are one-off exclusive and original pieces, therefore the product offering appeals not to those who are interested only in art, but also photography and art collectionists. Price: Of course, with the price tag of over 2200 pounds, it is a magazine for the 1% elite of the society who are interested in alternative art forms represented through painting and photography. The price does quite a bit of word of mouth marketing for it, as it is the most expensive, and because of this, boasts quite a few online publications solely on its pricing strategy.

Erik comments directly on the price saying " Let people pay the highest price, because you know what, we have the best product out there and it's worth it. And it works. It sells out before it even launches. " Packaging: The product comes in a unique black box-set laced together with a silver silk ribbon , in which inside there is the magazine. It is not only to protect it, but <https://assignbuster.com/what-are-the-three-levels-at-which-a-product-can-be-seen/>

also to introduce the publication. Please see the picture below, from their own website. Place: The product sells online, through its own website, or you can view it for free online! Erik calls it the Robin Hood deal of marketing, that is give it for free". He understands that the real customers buy the work to treasure the collection of art which is inside, not to merely have a flip-through. The magazine can also be found at exclusive book clubs like Damien Hirst and stores around mostly London and New York. Then, there are many magazines and television shows who quote from the magazine, or use part of it's contents, giving it free publicity. For example, Vernissage Tv- an exclusive art and fashion channel is notable for citing Nomenus quarterly and showcasing it's work in a couple of short documentaries.

Promotion: The magazine promotes itself through the business network of it's founder, Erik, who basically does not spend anything on promotion he claims, apart from the website expenses. All of the clients of the magazines are mostly designers who know him, or connected interested peoples like Kevin Roberts , C. E. O of Saatchi & Saatchi. As a way to promote the magazine itself, its pages feature exclusive photographs of celebrities and major art figures. For example, the latest issues had photos of the supermodel Mary Katrantzou and Tilda Swinton. In conclusion, Nomenus quarterly has demonstrated that passion does pay.

It breaks away from the other examples I have used, because it plays in a very niche market of the cream of the high-class, who have very specific and complex wants-especially if they need to pay that kind of price for the product. It's marketing is almost purely word-of-mouth, and has worked extremely well for this magazine that delivers beautiful original work and has

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in its own market no direct competitors. A completely original, innovative and eccentric consumer product that has demonstrated that via differentiation and quality, it has occupied a very specific market niche and gained a loyal customer base for the long-term. . What is a brand? Why are there many people willing to pay more for branded products than non-branded? A brand is a " name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. " Branding" began as a way to tell one person's cattle from another by means of a hot iron stamp, and today it's still doing the same thing- differentiating products from each other. -The American Marketing Associations Dictionary (2011) " Brands may be the most important tools for creating value and profitable customer relationships.

Marketing is about building brands that connect deeply with customers. " - Kotler et al(2010) People are more willing to pay for a branded product than for a non branded because of the concept of Brand Equity. Brand equity is the differential effect that knowing the brand name has on the customer response to the product and its marketing. To explain this further, I shall use the example of a couple of Iconic brands. These are defined as having aspects that contribute to consumer's self-expression and personal identity.

Brands whose value to consumers comes primarily from having identity value are said to be " identity brands". Some of these brands have such a strong identity that they become more or less cultural icons which makes them " iconic brands". Examples are Apple, Nike, Mc. Donalds and Harley Davidson. People pay more for these brands because of the deep connection these brands have been able to make with their customers. Holt (2004) <https://assignbuster.com/what-are-the-three-levels-at-which-a-product-can-be-seen/>

identifies four main elements to creating iconic brands, which will create a bond with the customer and justify the higher prices than non branded products. Necessary conditions" - The performance of the product must at least be acceptable, preferably with a reputation of having good quality. " Myth-making" - A meaningful storytelling fabricated by cultural insiders. These must be seen as legitimate and respected by consumers for stories to be accepted. " Cultural contradictions" - Some kind of mismatch between prevailing ideology and emergent undercurrents in society. In other words a difference with the way consumers are and how they wish they were. The cultural brand management process" - Actively engaging in the myth-making process in making sure the brand maintains its position as an icon. Kotler et al(2010) also adds that if the brand is going to be successful, differentiation from competitors is not enough. It needs to be relevant to the customers needs. The more there is a tight fit between the what the customer wants and what the brand gives and stands for, the greater chance of attaining a long term competitive advantage. To summarize, the branding done by companies makes people pay more for them because :)They have an Emotional connection to the brand- like McDonald people associate It with fun and tasty food. -relating somehow back to their childhood and family bonding. 2) It gives them a way to Express their identity through the brand image or personality. For example, buyers of Harley Davidson are usually men who want to feel more masculine and 'rebellious'. 3) They are guaranteed a certain degree of quality and security as with the case for Parmigiano cheese, customers repeat purchases because they know what to expect in terms of taste, thus it's part of a

dissonance-reducing buying behavior.) It gives customers a greater Self Esteem, for example, women who buy Fendi apparel get an immediate self-esteem boost from the purchase because they feel they are a step closer to their aspirational group, and feel they have 'rewarded' themselves in making that purchase. In conclusion, for a brand to remain successful, it must rely less on the product's tangible attributes and more on creating surprise, passion and excitement surrounding a brand. It must also make sure that its brand image and personality does not suffer as the business extends its product lines or invests into new products. Q4.

What are the four characteristics that affect service marketing and the additional marketing considerations for this sector? The service sector is one who's grown is increasing greatly. They not account for about 79% of USA's gross domestic product. There are two different types of services; the public (offered by government and non-profit organizations, and the private ones (offered by all business organizations). Kotler et al (2010) state that there are four main characteristics that define and affect services. They are: Intangibility: Services are intangible and do not have a physical existence.

Hence services cannot be touched, held, tasted or smelt. This is most defining feature of a service and that which primarily differentiates it from a product. Also, it poses a unique challenge to those engaged in marketing a service as they need to attach tangible attributes to an otherwise intangible offering. Heterogeneity/Variability: Given the very nature of services, each service offering is unique and cannot be exactly repeated even by the same service provider. While products can be mass produced and be homogenous the same is not true of services. g: All burgers of a particular flavor at <https://assignbuster.com/what-are-the-three-levels-at-which-a-product-can-be-seen/>

McDonalds are almost identical. However, the same is not true of the service rendered by the same counter staff consecutively to two customers. 3) Perishability: Services cannot be stored, saved, returned or resold once they have been used. Once rendered to a customer the service is completely consumed and cannot be delivered to another customer. eg: A customer dissatisfied with the services of a barber cannot return the service of the haircut that was rendered to him. At the most he may decide not to visit that particular barber in the future. 4) Inseparability/Simultaneity of production and consumption: This refers to the fact that services are generated and consumed within the same time frame. Eg: a haircut is delivered to and consumed by a customer simultaneously unlike, say, a takeaway burger which the customer may consume even after a few hours of purchase. Moreover, it is very difficult to separate a service from the service provider. Eg: the barber is necessarily a part of the service of a haircut that he is delivering to his customer.

The additional marketing considerations for this sector are that a company must realise that increasingly what drives customer satisfaction is the level of services and the extra services offered compared to competitors, even if a company is selling a physical tangible product. E. g Sky-tv offers free installation when a customer purchases a good. This is part of the augmented product, but it also gives them an advantage point over their competitors. This said, companies must realise that the point of service delivery is when the employees (representatives) of the firm meet the customers.

Successful companies must focus their attentions on both the employees and the customers in order to achieve a satisfied client. This is part of the Service profit chain, that is the chain that links service firm profits with employee and customer satisfaction. For it to be successful it needs Internal service quality- superior employee selection and training to support them when dealing with customers Satisfied and productive service employees- the 'extra smiles' are always passed onto the customer and adds more value to the overall service delivery

Satisfied and loyal customers- if people had good service, it is more likely they will repeat purchase and give out a positive word of mouth Healthy service profits and growth: this is the final stage of the link which gives superior service firm performance. To ensure that this chain works well, marketers need to keep their employees happy and keep a good communication from the front-line employees to the top management. To ensure it all goes well, they have to employ a degree of Internal Marketing. Kotler et al(2010) say that internal marketing means that the service firm must orient and motivate its customer contact employees and supporting service people to work as a team to provide customer satisfaction, in fact internal marketing must precede external marketing. An Example is the Four Seasons hotel , that invests on their human resources to motivate, reward and correct their employees when necessary , empowering them with the right motivation tools. They give a constant training in order to contentiously improve the service.

This in turn, improves the quality of Interactive marketing , being the satisfaction the customer gets after being delivered with a certain quality of

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service. If this is successful, the customer will repeat purchase and spread a positive word of mouth. REFERENCES Kotler, Philip; Gary Armstrong (1989). Principles of Marketing, fourth edition (Annotated Instructor's Edition). Prentice-Hall, Inc.. pp. 639 Kotler, Philip. , Armstrong, G. , Brown, L. , and Adam, S. (2006) Marketing, 7th Ed. Pearson Education Australia/Prentice Hall. Kotler, Philip. , Armstrong, G. (2010) Principles of Marketing 13th Ed.

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