

CHAPTER

10

PRODUCT,
BRANDING, AND
PACKAGING
DECISIONS

Product, Branding, and Packaging Decisions

LEARNING OBJECTIVES

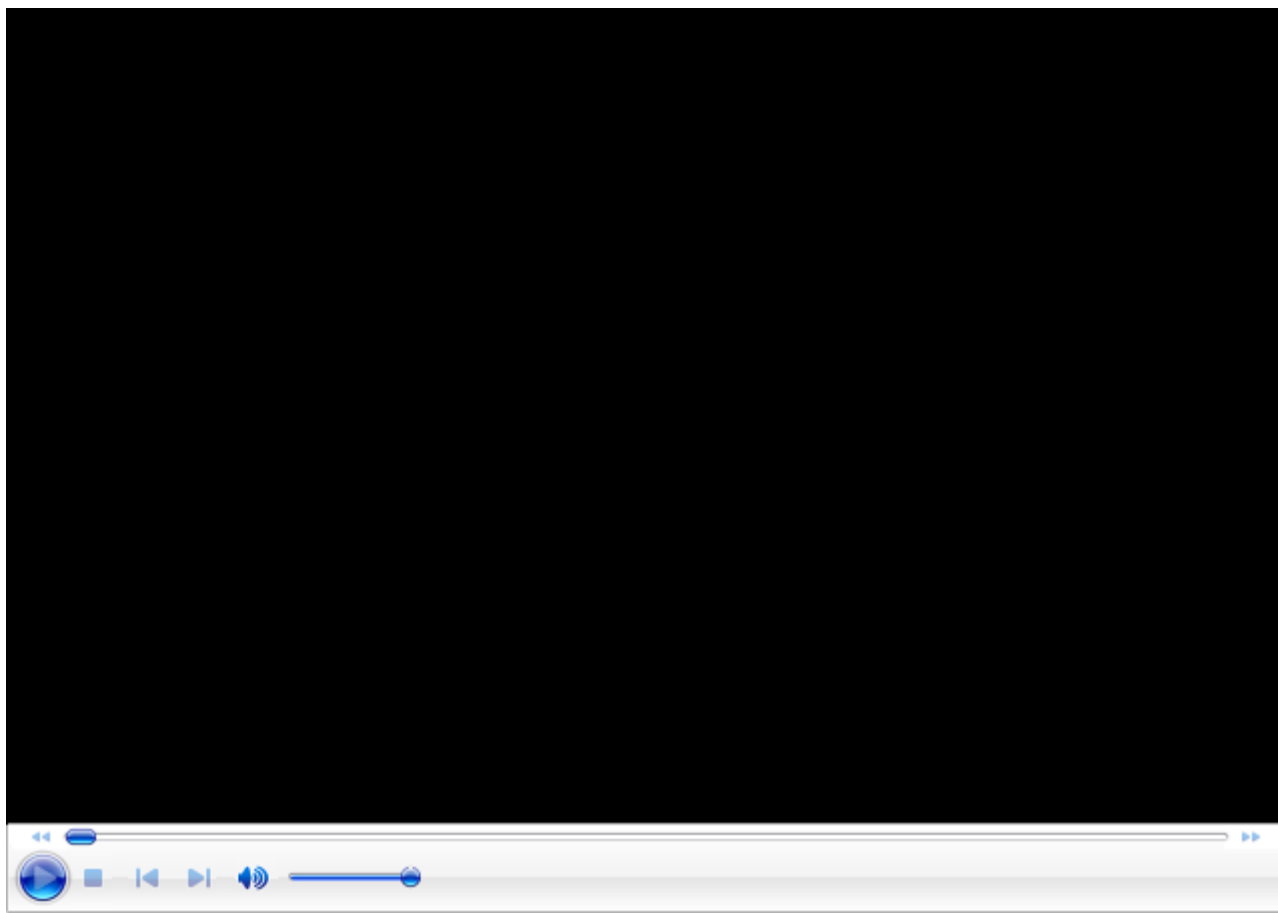
- LO1 Describe the components of a product.
- LO2 Identify the types of consumer products.
- LO3 Explain the difference between a product mix's breadth and a product line's depth.
- LO4 Identify the advantages that brands provide firms and consumers.
- LO5 Explain the various components of brand equity.
- LO6 Determine the various types of branding strategies used by firms.
- LO7 Distinguish between brand extension and line extension.
- LO8 Indicate the advantages of a product's packaging and labeling strategy.

Polo by Ralph Lauren



Photo by Chris Trotman/Getty Images for USOC

iPod Anticipation



Complexity of Products

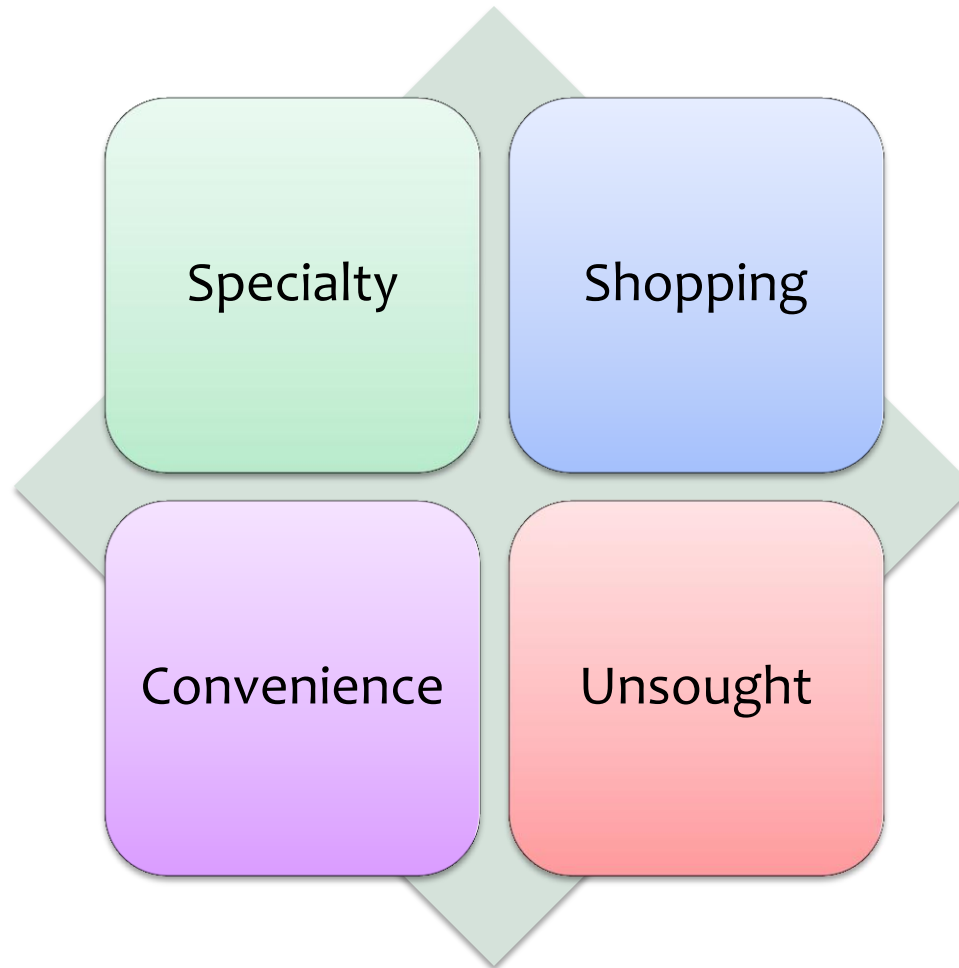
EXHIBIT 10.1

Product Complexity




Michael Blann/Digital Vision/Getty Images

Types of Products



Check Yourself

- 
1. Explain the three components of a product.
 2. What are the four types of consumer products?

Product Mix and Product Line Decisions

EXHIBIT 10.2

Abbreviated List of Kellogg's Product Mix

Product Lines

Ready-to-Eat Cereal	Toaster Pastries and Wholesome Portable Breakfast Snacks	Cookies and Crackers	Natural, Organic, and Frozen
Kellogg's Corn Flakes All-Bran Apple Jacks Cocoa Krispies Frosted Mini-Wheats Mueslix Kellogg's Raisin Bran Froot Loops Kashi Special K Rice Krispies	Nutri-Grain Special K Kashi Pop-Tarts Bear Naked	Cheez-It Keebler Townhouse Club Famous Amos Fudge Shoppe Murray	Eggo Morningstar Farms Kashi

Source: Kellogg's 2008 annual report, <http://annualreport2008.kelloggcompany.com/brandportfolio.htm> (accessed November 23, 2009).

Product Mix and Product Line Decisions

Breadth

- Number of product lines

Depth

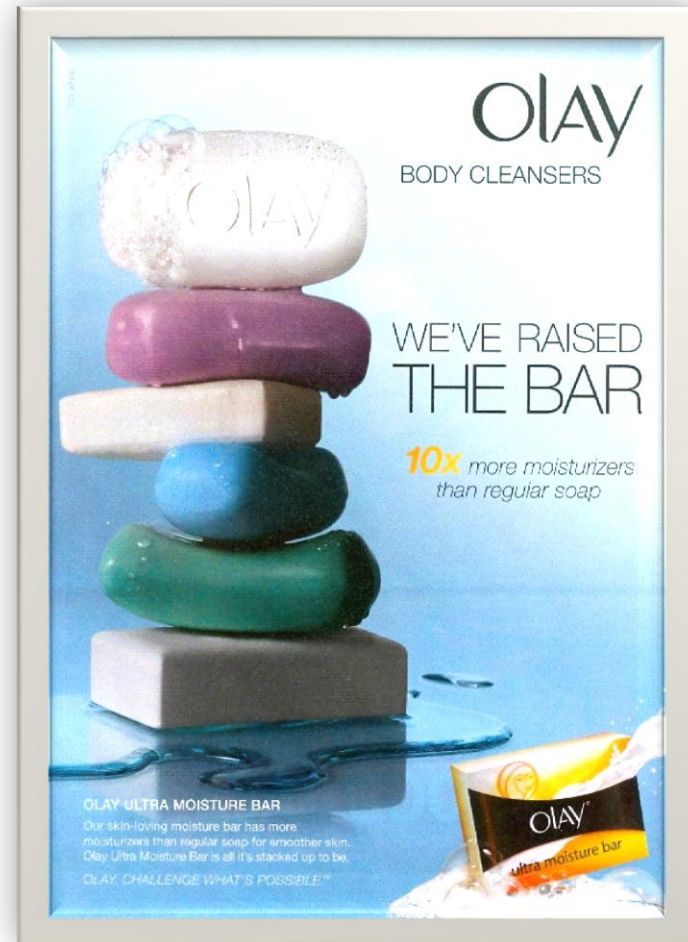
- Number of categories within a product line



Courtesy Pepsi Cola Company

Change Product Mix Breadth

- Increase Breadth
 - True Religion Brand Jeans now are a lifestyle brand with apparel, belts, swimwear and fragrances
- Decrease Breadth
 - Due to competitive changes, TCBY is now focusing on Yogurt.



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Change Product Mix Depth

- Increase Depth
 - Band-Aid now has over 40 products to heal cuts.
- Decrease Depth
 - McCormick spices eliminates dozens of products each year.



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Check Yourself



1. What is the difference between product line breadth versus depth?
2. Why change product line breadth?
3. Why change product line depth?

Product Line Decisions

- How is this changing the product mix?
- Does it increase breadth or depth?
- Is this research or advertising?



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Product Line Decisions for Services

The same types of decisions can be used for services



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Branding

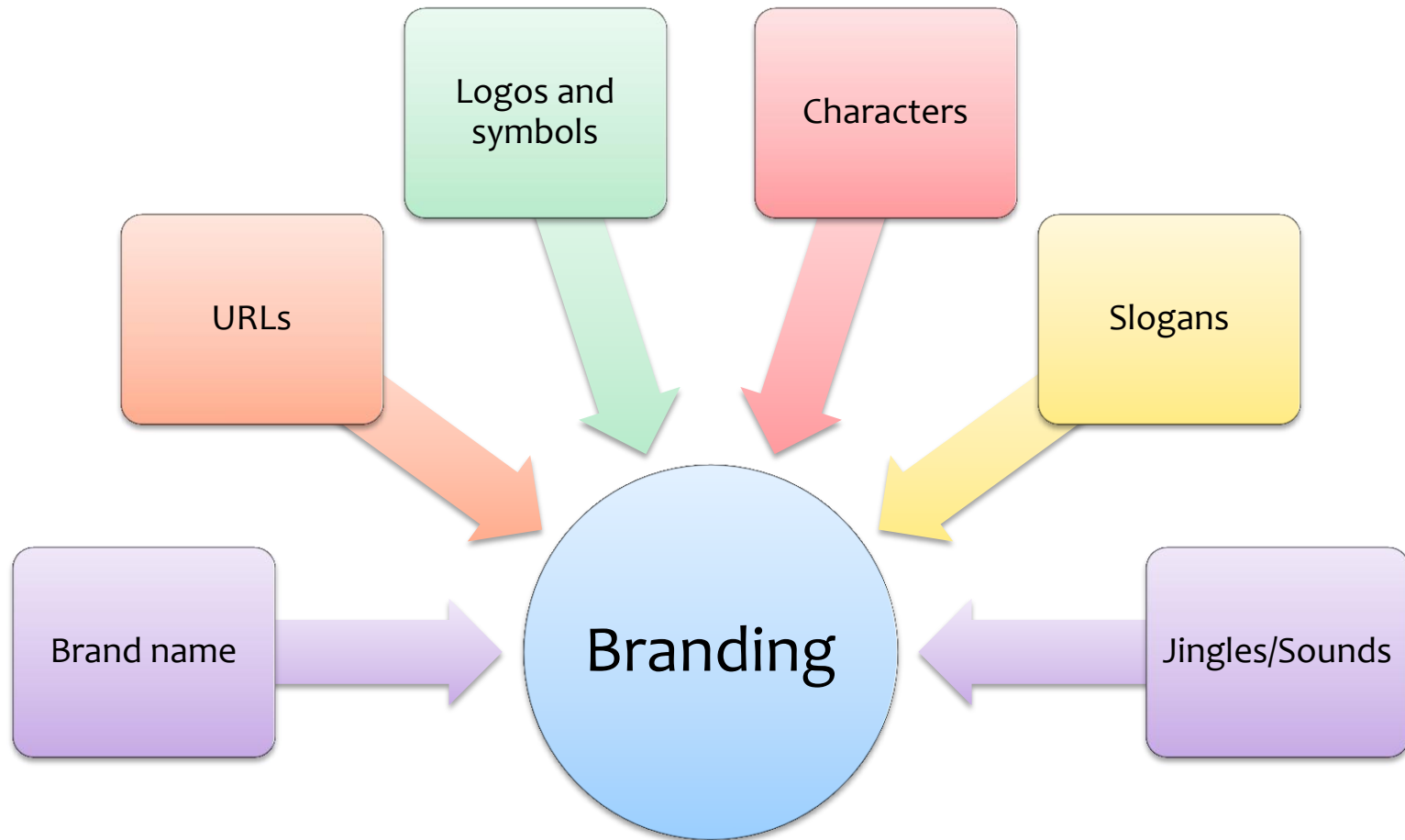
A brand can use: Name, logo symbols, characters, slogans, jingles and even distinctive packages.

Courtesy Mercedes-Benz USA, LLC;
Merkley & Partners/New York

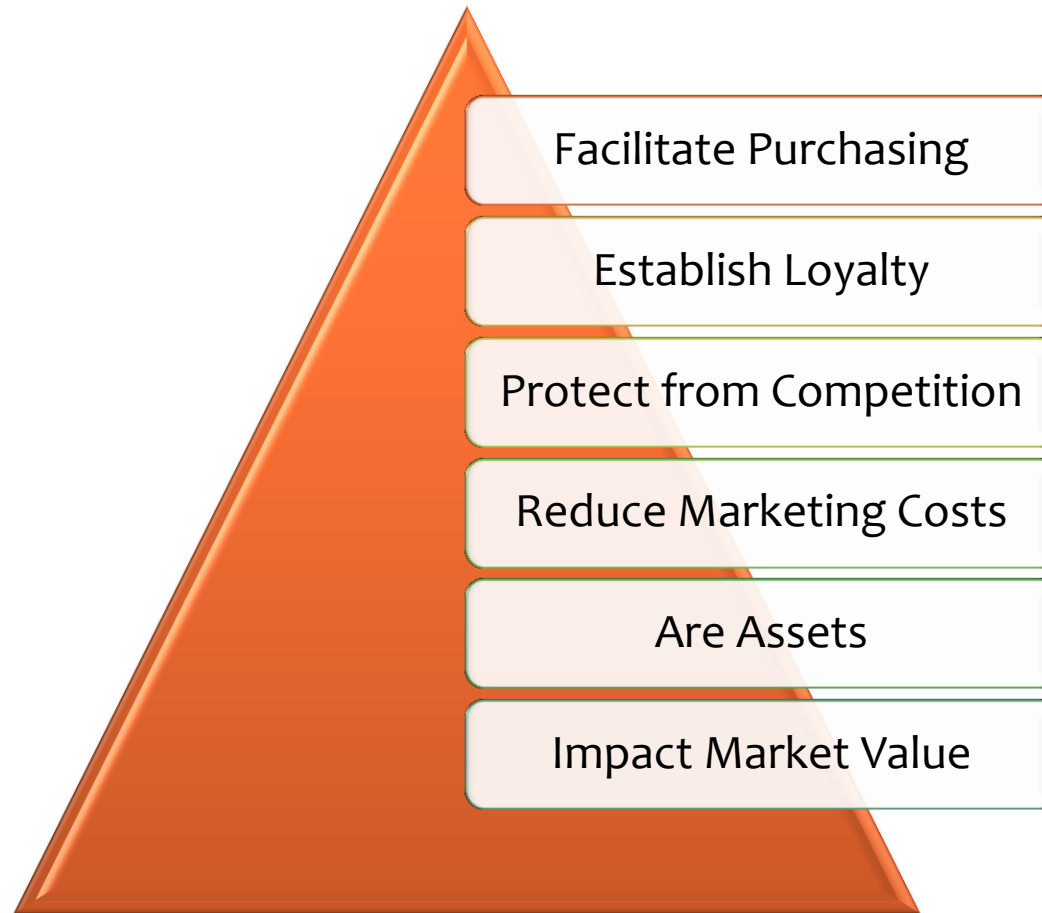


Oscar Meyer
Commercial

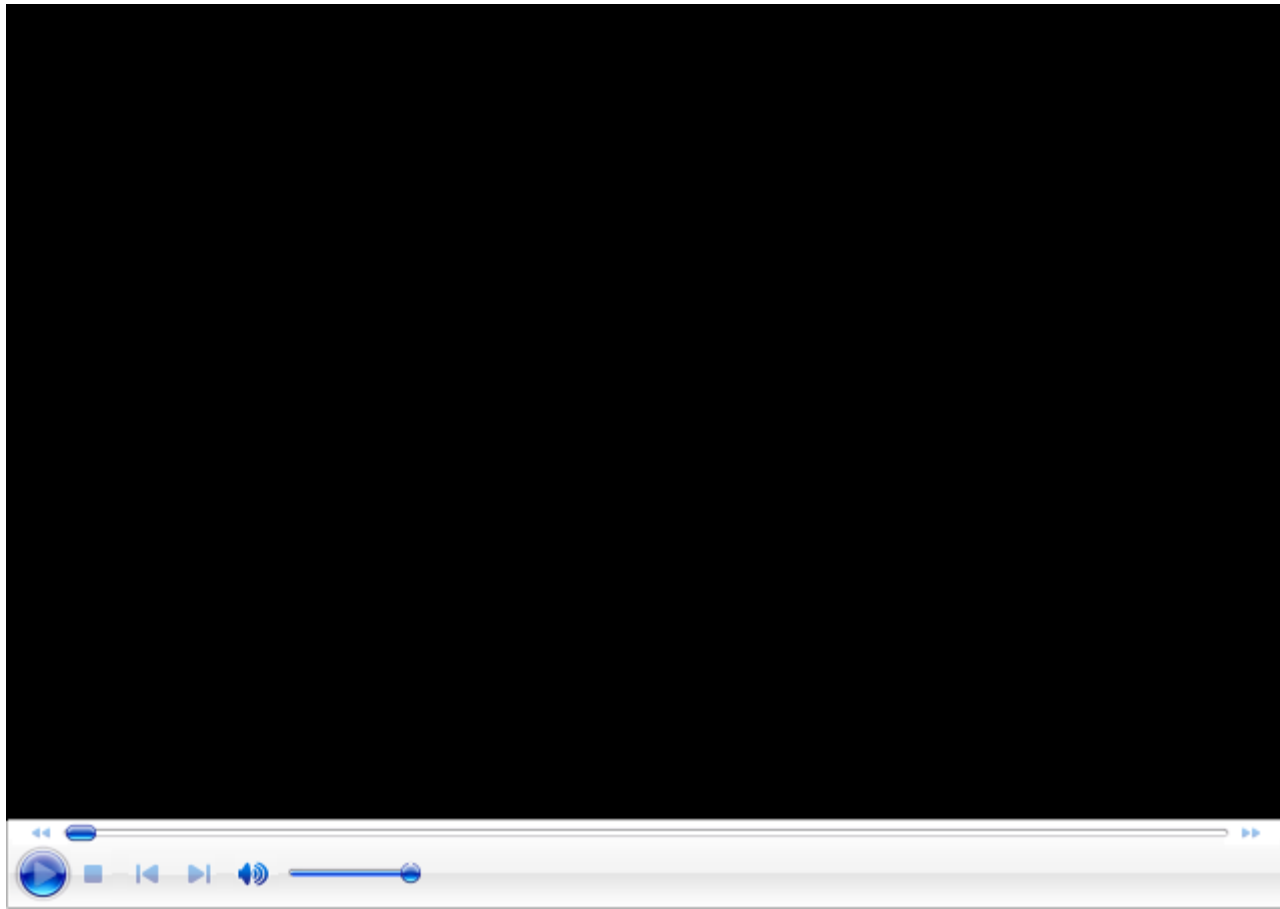
What Makes a Brand?



Value of Branding for the Customer and the Marketer



History in Advertising



Brand Equity: Brand Awareness

EXHIBIT 10.5

The World's Ten Most Valuable Brands

2009 Rank	Brand	Country of Ownership	2009 Brand Value (\$ Billions)
1	Coca-Cola	U.S.	68.7
2	IBM	U.S.	60.2
3	Microsoft	U.S.	56.6
4	GE	U.S.	47.7
5	Nokia	Finland	34.8
6	McDonald's	U.S.	32.2
7	Google	U.S.	31.9
8	Toyota	Japan	31.3
9	Intel	U.S.	30.6
10	Disney	U.S.	28.4

Brand Equity: Perceived Value

- How do discount retailers like Target, T.J. Maxx, and H&M create value for customers?



Photo by Peter Kramer/Getty Images

Brand Equity: Brand Associations



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Brand Equity: Brand Loyalty

- Consumers are often less sensitive to price
- Marketing costs are much lower
- Firm insulated from the competition



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Check Yourself



1. How do brands create value for the customer and the firm?
2. What are the components of brand equity?

Brand Ownership

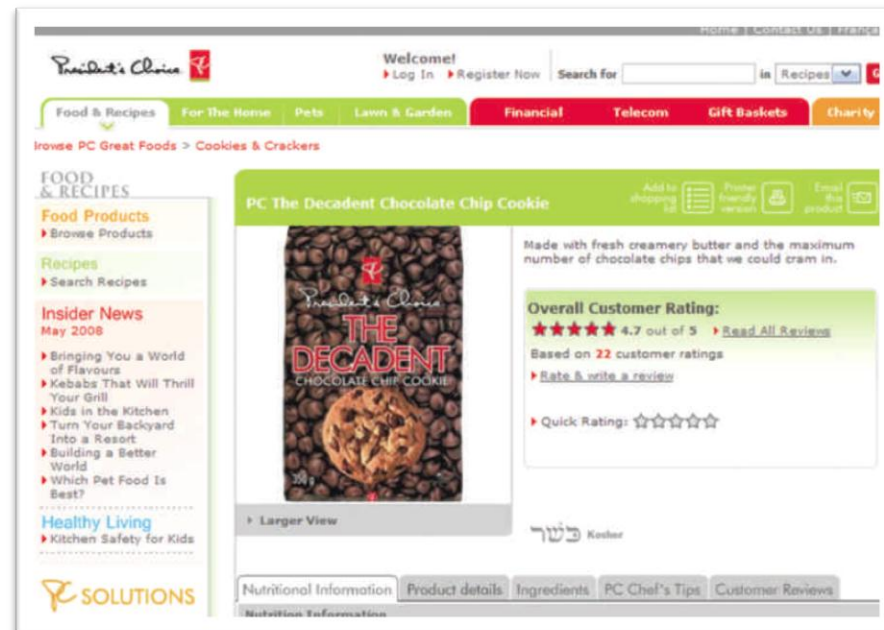
Manufacturer brands or
national brands

Private-label brands or
Store Brands

- Premium
- Generic
- Copycat
- Exclusive co-branded

Brand Ownership

Private Label



McGraw-Hill Companies

Brand Ownership

EXHIBIT 10.6

Exclusive Co-brands

Retailer	Manufacturer/Designer	Product Category	Product Name
Kohl's	Estee Lauder	Cosmetics	American Beauty, Flirt, and Good Skin
Walmart	Mary Kate and Ashley Olsen	Apparel and accessories	Mary Kate and Ashley
Walmart, Best Buy ⁴⁹	Hewlett-Packard	Computers	Hewlett-Packard
Macy's ⁵⁰	Martha Stewart	Soft Home (sheets, towels)	Martha Stewart Collection
Macy's	Jones Apparel Group (Rachel Roy)	Apparel and accessories	Rachel by Rachel Roy
McDonald's	Newman's Own Organic	Coffee	Newman's Own Organic
J.C. Penney ⁵¹	Ralph Lauren	Home goods, apparel, and accessories	American Living
J.C. Penney	Nicole Miller	Apparel and accessories	Nicole by Nicole Miller
H&M	Jimmy Choo	Shoes and accessories	Jimmy Choo for H&M

Exclusive Co-brands

Naming Brands and Product Lines

- Corporate or family brand
 - The Gap
- Corporate and product line brands
 - Kellogg's Corn Flakes
- Individual lines
 - Mr. Clean (Proctor & Gamble)



Brand Extension



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State Farm
Website



Brand Dilution

Evaluate the fit between the product class of the core brand and the extension.

Evaluate consumer perceptions of the attributes of the core brand and seek out extensions with similar attributes.

Refrain from extending the brand name to too many products.

Is the brand extension distanced enough from the core brand?

Co-branding

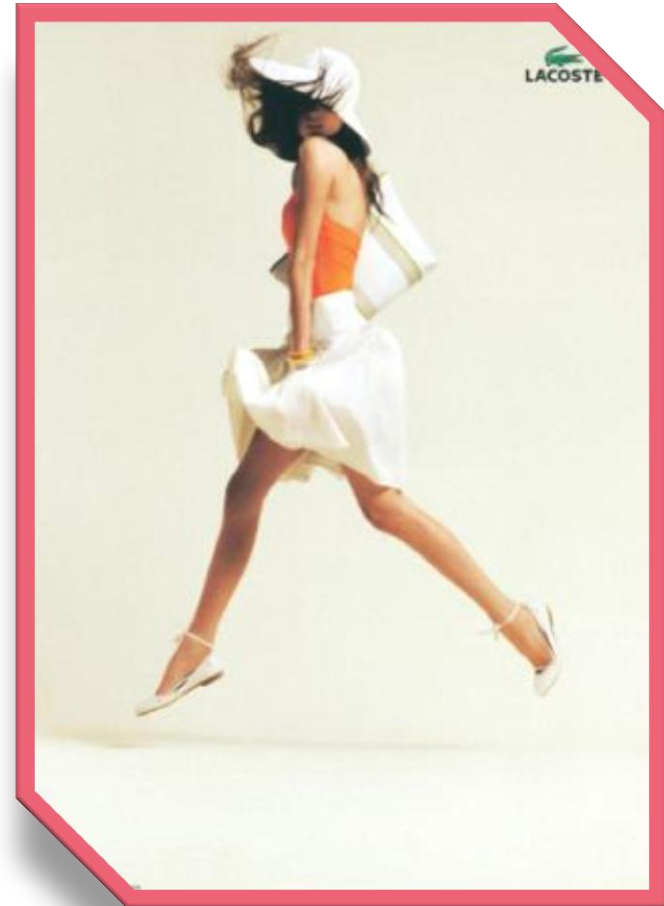


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Brand Licensing



LaCoste SA



LaCoste SA

Brand Repositioning

- How is this repositioning?



Courtesy The Procter & Gamble Company

Check Yourself

1. What are the differences among manufacturer and private-label brands?
2. What is co-branding?
3. What is the difference between brand extension and line extension?
4. What is brand repositioning?



Packaging

- What other packaging do you as a consumer find useful?



Product Labeling



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