

So, for a Parker fountain pen, the product analysis would be:

Core Benefit – Writing implement for communication

Real Product – A physical fountain pen

Enhanced Product – Brand identity, (Parker), guarantee period, repair and maintenance service, matching biro and pencil available through brand extension

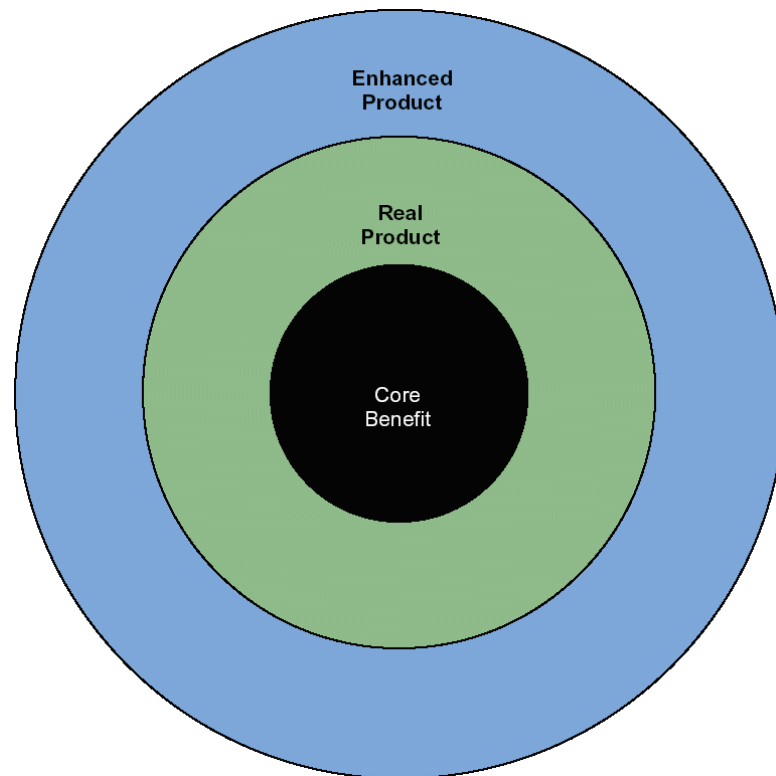


Figure 1: Product analysis

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ACTIVITY 7: QUESTION

Apply the three-level model, as given above, to the product and service provided by a fish and chip shop.

List its core benefits, a description of the real product, and the benefits provided by the enhanced product.

(Note: You will need to take into consideration all the 7Ps, since many of the benefits and advantages are concerned with such things as the physical evidence and the people serving.)

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ACTIVITY 7: ANSWER

The end product is fish and chips and its **core benefit** is a ready-prepared food.

The **real product** is a service which makes available a product: fish and chips. The additional benefit is that it is both tasty and filling (one hopes). The product cannot exist without the service process, the people who make it and the physical environment in which this occurs. Indeed, an integral part of the experience of buying fish and chips is enjoying the sight and smell of it being cooked – or being repelled by the smell of stale oil or the dirtiness of the staff's clothing!

The **enhanced product** is an extension of the benefits described above. This includes the optional extras (such as mushy peas, sauces etc), which can be bought or are provided free with the product. It also includes the packaging of the food, both the protective wrapping paper and the disposable container to store and carry the food away in. These must be effective and keep the food in good condition.

The staff involved have a significant role to play in the service process. Their manner and behaviour, and the way in which they take the order and deal with the customer are all important parts of the service encounter and help create an enhanced product. The style and cleanliness of uniforms are further illustrations.

The physical environment influences consumer perceptions of the outcome of the process. The size and layout of the waiting space, the length of the waiting period and a TV to watch are all benefits which enhance the service for the customer.

2.2 Types of Products

Economists have classified products into a number of groupings. This is of value when studying the overall market behaviour in context of a national economy, but the concept is of limited value to a practical marketer, who must work from identified consumer need.

The main headings are:

Consumer products

They are bought by the person who will use them. This classification further sub-divides, as follows.

Convenience goods

Convenience (or non-durable) goods are those we buy regularly and need constantly to replace, such as food, household cleaning materials, etc. Generally these are of relatively low value and – important to a marketer – are seen as low-risk purchases.

Shopping goods

Shopping goods are bought and used relatively infrequently. They are expected to be durable. Because of their relatively higher price and their longer life expectancy they are seen as higher risk purchases and more care is taken in their selection. (The term derives from the phrase 'shopping around'.)

Marketers need to be aware that the decision process for shopping goods is likely to be longer and more complex than for convenience goods, and the marketing mix must provide the needed depth of information and reassurance in the form of guarantees, instructions, etc.

Speciality goods

Kotler & Armstrong (1989, p245) define speciality goods as having 'unique characteristics or brand identification for which a significant group of customers is willing to make a special purchase effort'. The price of such a product is usually high and the number of target customers is usually small. Purchasers of these products usually seek a great deal of information about them. A Rolls Royce is an example of a speciality good.



ACTIVITY 8: QUESTION

An umbrella is a difficult product to classify. Try and give examples of types of umbrella which would fit under the categories of convenience good, shopping good and speciality good, and indicate where each might be purchased.



ACTIVITY 8: ANSWER

Many cheap umbrellas are bought on impulse during a rainstorm; these can be classified as convenience goods. A golfing umbrella with a brand identity, might, on the other hand, be classified as a shopping good. It has to be sought out in a specialist shop, and is likely to be relatively expensive. It could, on the other hand, be classified as a speciality good, as could a fashion umbrella with an exclusive design for use at a wedding or when visiting Ascot.

Industrial products

This term refers to goods that are mainly bought to be used in the manufacture of other goods. They can be subdivided as follows:

Capital Goods

This term covers plant and equipment, which tends to be purchased for use over many years (buildings, printing presses). They involve a large financial investment and are usually purchased after an extensive and thorough decision-making process involving many people and considerable time.

Consumables and accessories

‘Consumables’ refers to all those goods that are used in the working day and which need to be frequently replaced. They include such things as lubricants, and goods for maintenance and repair of machinery. ‘Accessories’ refers to relatively low-price capital goods, such as portable office equipment. These tend to be purchased as routine re-buys once they have been carefully selected. Once established, a supplier is hard to dislodge.

Materials and component parts

These are bought because they are required in the manufacturing process. A manufacturer of agricultural machinery would buy steel as a raw material, with the engine parts classified as components. It is important for a manufacturer to try to become involved at the design stage. A component which has been ‘designed in’ has secure sales through the life of the product.

2.3 Characteristics of Services

We have seen earlier that there is a service element to all transactions. In many cases it is taken for granted, not noticed by the buyer – but if this is so it is a tribute to the seller. One of the worst things a salesman can hear is the comment ‘Thanks, you are a good salesman’. A truly good salesman sells without the customer being aware that he or she is being helped to buy.

Conversely, almost all services involve a product. Shostack’s Scale of Elemental Dominance (Figure 2) shows how product/service balance varies across a range of offerings.

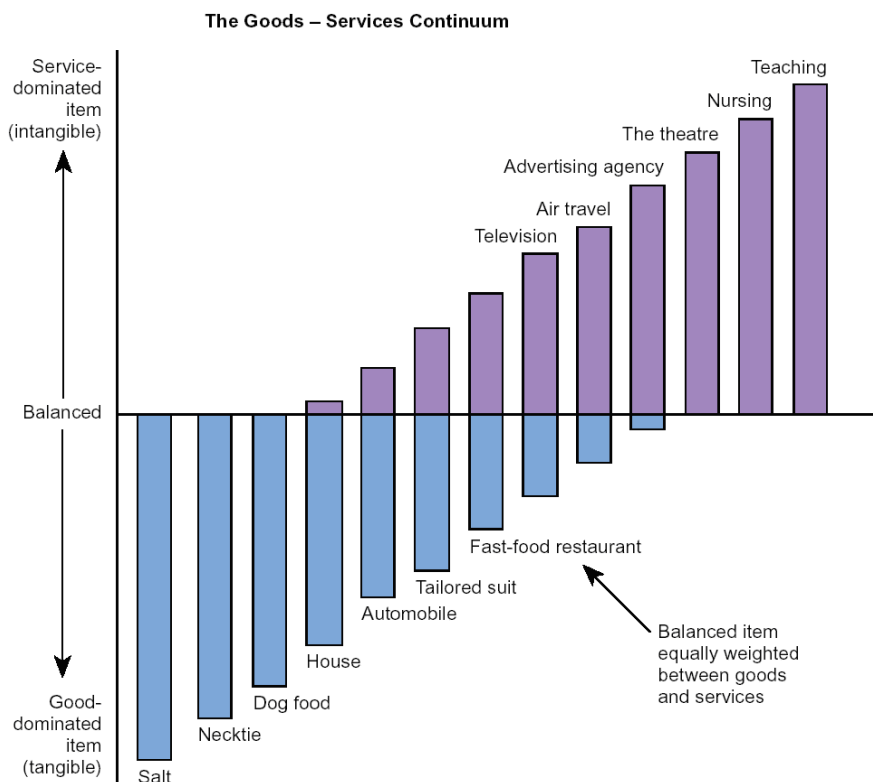


Figure 2: Shostack’s Scale of Elemental Dominance (Shostack, 1982)

While recognising that there is no such thing as a product-less service, some services are less tangible than others. It is useful, therefore, to have a model with which to analyse those services at the 'intangible' end of the continuum. Unlike the model of a product, with its three levels of benefits, services can more easily be analysed in terms of a core benefit or service and a range of secondary services, or products that enable the benefit to be gained (as shown in Figure 3).

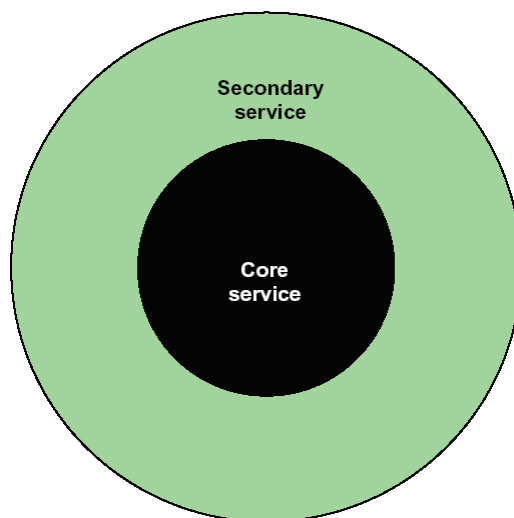


Figure 3: Service analysis

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Consider the service offered by a hotel and an insurance firm. In the two Inner circles below write down what you believe to be the core benefits of each.

Note down in the inner circle all the secondary benefits that are essential for the customer to gain the core benefit.

