

Product Classification

Why do you buy?



WHAT IS PRODUCT?

Product is anything that can be offered in a market for attention, acquisition, use, or consumption that might satisfy a need or want

Product Classification Schemes

Durability

Tangibility

Use



Durability & Tangibility

Nondurable goods

- Tangible goods
- Normally has to be consumed in one or few uses
- Strategy- to make product available in many locations



Durable goods

- Tangible goods
- It can survive to many uses
- Strategy- more personal selling & service



Services

Services are intangible, inseparable, variable, & perishable product that normally require more quality control, supplier credibility, & adaptability.

Example:-

- Haircuts
- Legal advice
- Appliance repairs



Consumer Products

- Bought by final consumers for personal consumption
- Differ in they way consumers buy them

Industrial Products

- Bought for further processing or for use in conducting a business
- Bought by other businesses, not consumers

PRODUCT

CONSUMER PRODUCT

INDUSTRIAL PRODUCT

DURABILITY BASIS

1. DURABLE PRODUCTS
2. NON DURABLE PRODUCTS

SHOPPING EFFORTS INVOLVED

1. CONVENIENCE PRODUCTS
2. SHOPPING PRODUCTS
3. SPECIALITY PRODUCTS
4. UNSOUGHT GOODS

1. MATERIALS AND PARTS
2. CAPITAL ITEMS
3. SUPPLIES
4. BUSINESS SERVICES

A. BASED ON SHOPPING EFFORTS



Convenience goods

Convenience products are consumer products and services that the customer usually buys frequently, immediately, and with a minimum buying effort



Convenience Products: Emphasis of Marketing Mix

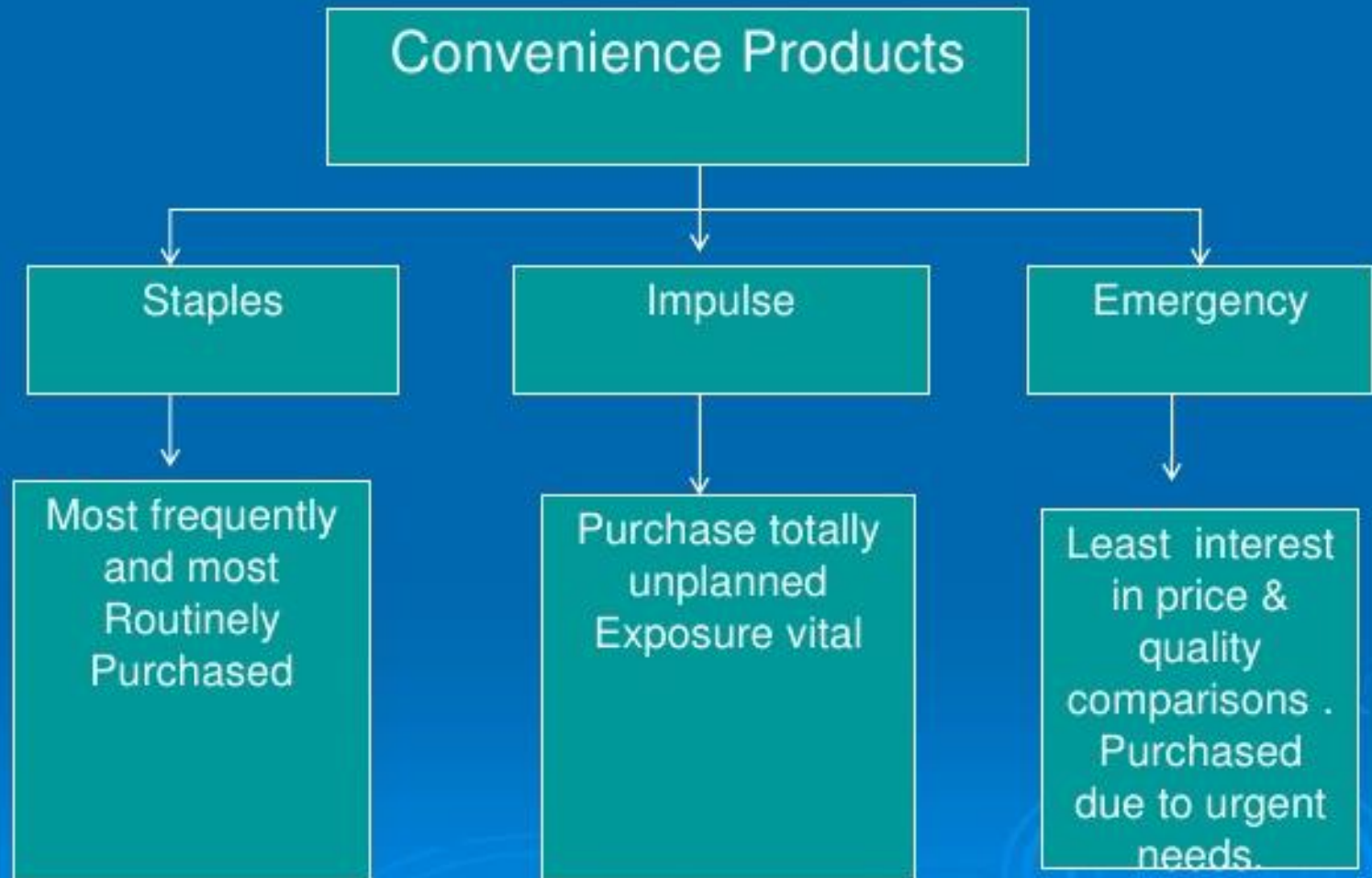
Convenience Products

- Bought frequently
- Little planning or shopping effort
- Low customer involvement

PRICE
Tends to be low
PLACE
Widespread
distribution
PROMOTION
Mass promotion



Convenience Products



Shopping goods

Shopping products are consumer products and services that the customer compares carefully on suitability, quality, price, and style



Shopping Products: Emphasis of Marketing Mix

Shopping Products

- Bought less frequently
- Customers careful on suitability, quality, price, brand, style etc.

PRICE
Tends to be higher
PLACE
Selective
distribution
(fewer outlets
PROMOTION
Advertising by
producer and
resellers



SHOPPING PRODUCTS



Speciality goods

Specialty products are consumer products and services with unique characteristics or brand identification for which a significant group of buyers is willing to make a special purchase effort



Speciality Products: Emphasis of Marketing Mix

Speciality Products

- Unique characteristics or brand
- Buyers make a special effort when buying

PRICE

High

PLACE

**Exclusive
distribution or
limited outlets**

PROMOTION

**More carefully
targeted**



Unsought goods

Unsought goods are those the customer does not know about or normally think of buying such goods.

Examples:-



UNSOUGHT PRODUCTS

UnsoUGHT Products

Regularly

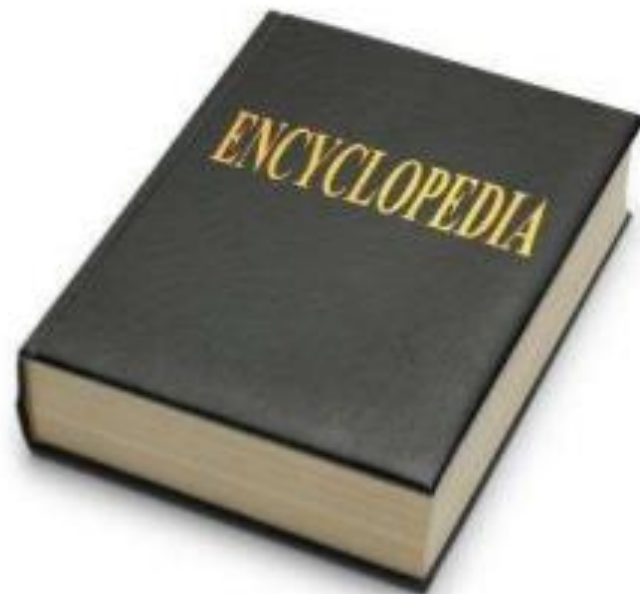
New

Existing products
unwanted now

Totally new &
unfamiliar products
unwanted now

- Unsought Goods

- Those good that consumers do not know or
- Doesn't think of buying.



Product Classification



TYPE OF CONSUMER PRODUCT

BASIS OF COMPARISON

	CONVENIENCE	SHOPPING	SPECIALTY	UNSOUGHT
Product	Toothpaste, cake mix, hand soap, ATM cash withdrawals	Cameras, TVs, briefcases, airline tickets	Rolls-Royce cars, Rolex watches, heart surgery	Burial insurance, thesaurus
Price	Relatively inexpensive	Fairly expensive	Usually very expensive	Varies
Place (distribution)	Widespread; many outlets	Large number of selective outlets	Very limited	Often limited
Promotion	Price, availability, and awareness stressed	Differentiation from competitors stressed	Uniqueness of brand and status stressed	Awareness is essential
Brand loyalty of consumers	Aware of brand but will accept substitutes	Prefer specific brands but will accept substitutes	Very brand loyal; will not accept substitutes	Will accept substitutes
Purchase behavior of consumers	Frequent purchases; little time and effort spent shopping	Infrequent purchases; needs much comparison shopping time	Infrequent purchases; needs extensive search and decision time	Very infrequent purchases; some comparison shopping

Marketing Impacts of Consumer Product Classifications



Convenience Product

Marketing Strategy Factor

- Purchase Frequency
- Store Image
- Price
- Promotion

Distribution Channel

Number of Retail Outlets

- Frequent
- Unimportant
- Low
- By manufacturer
- Many wholesalers and retailers
- Many



Shopping Product

- Relatively infrequent
- Very important
- Relatively high
- By manufacturer and retailers
- Relatively few wholesalers and retailers
- Few



Specialty Product

- Infrequent
- Important
- High
- By manufacturer and retailers
- Very few wholesalers and retailers
- Very small number; often one per

2

Types of consumer products (cont.)

Convenience product	A relatively inexpensive item that merits little shopping effort.
Shopping product	A product that requires comparison shopping because it is usually more expensive and found in fewer stores.
Specialty product	A particular item for which consumers search extensively and are reluctant to accept substitutes.
Unsought product	A product unknown to the potential buyer or a known product that the buyer does not actively seek.

Industrial products/services

Industrial goods - Goods purchased by a business to produce other goods or to resell to consumers.

Examples: assembly line machinery, rubber



Industrial products/services

Industrial services - Activities used by a business to insure proper operation, or contracted by a business to perform a task. Examples: Copier or cleaning services for a business



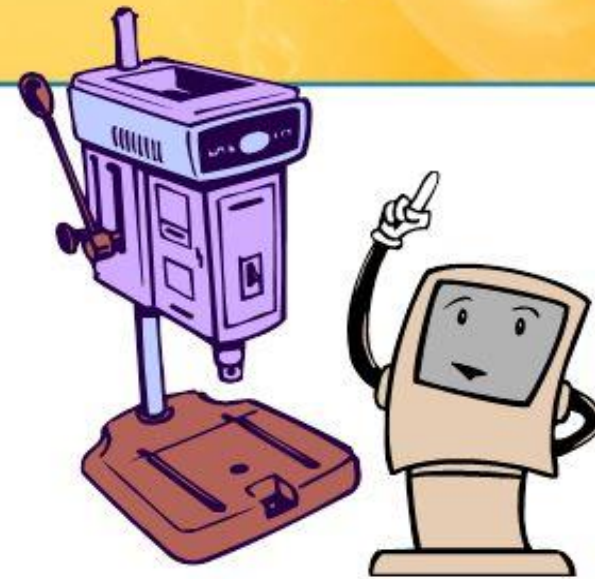
Classifications of Industrial Products/Services

Installation and accessory equipment - Part of the production process used to **make** products.

Examples: assembly line machinery, industrial sewing machines

Raw materials, components, fabricated parts - **Consumed** to produce a product or become part of the final product.

Examples: wood for paper, wheat for bread



Industrial supplies - Support or facilitate the use of industrial goods of the operation of the business.

Examples: computers, cash registers,



Maintenance and repair -

Cleaning, repairing, painting, or decorating that is performed for or by a business.

Example: janitorial services



Janitorial Services



Business advisory -

Management consulting,
legal, engineering, or
accounting performed for or
by a business.



Industrial goods

Materials and Parts

Raw materials

Farm products

Natural products

Manufactured materials

Component materials

Component parts

Capital Items

Installations

Equipments

Supplies

Maintenance

Operating supplies

Business Services

Maintenance

Advisory

Classification of Business Vs Consumer Goods

Business / Industrial Goods

•Production goods

- Raw materials
- Manufacturing materials and component parts
- Process materials



•Installation and accessories

- Installations
- Accessory equipment



•Supplies and services

- Operating supplies
- Software packages
- Services such as machine maintenance, professional services, consultants, etc.



Consumer Goods/ markets

• Convenience Products

- Staple
- Impulse
- Emergency



• Shopping Products

- Uniform
- Non-uniform



• Specialty Products



• Unsought Goods

- New unsought goods
- Regularly Unsought goods

