

Think Critically

1. How does the marketing concept affect decisions made about the product mix?

2. Why is product management important?

True or False

- _____ 1. The different products and services a business sells are its inventory.
- _____ 2. Product features include such things as color, size, quality, hours, warranties, delivery, and installation.
- _____ 3. Products in the same category, such as cars, are positioned in the market to serve different customer needs.
- _____ 4. The marketing concept is the belief that the wants and needs of customers are the most important consideration when developing any product or marketing effort.
- _____ 5. Since the 1960s, the U.S. market has changed from being a consumer-driven market to being a product-driven market.
- _____ 6. For many businesses, a small percentage of product selection often makes up the majority of the sales revenue.
- _____ 7. Not every product has features.
- _____ 8. The marketing concept can give small businesses an advantage over larger businesses.
- _____ 9. Branding is the name, symbol, or design used to identify your product.
- _____ 10. The product mix often includes items of convenience for customers, even though they are not profitable.

Multiple Choice

- _____ 1. A product mix (a) is the different products and services a business sells, (b) identifies features such as color, size, and quality, (c) is used to maximize sales, (d) helps determine the pricing strategy.
- _____ 2. To satisfy a specific customer need, a business (a) sets price objectives, (b) uses cost-based pricing, (c) positions its product in a certain market, (d) uses channels of distribution.

- _____ 3. The marketing concept is the belief that (a) large businesses have an advantage over small businesses, (b) the wants and needs of customers are the most important consideration, (c) small businesses are less flexible when trying to satisfy customer needs, (d) all of these.
- _____ 4. Product characteristics that will satisfy customer needs are called (a) brands, (b) services, (c) the product mix, (d) features.
- _____ 5. The Nike “swoosh” is an example of a product (a) label, (b) brand, (c) feature, (d) package.
- _____ 6. Creating an image for a product in the customer’s mind is called (a) positioning, (b) branding, (c) packaging, (d) distributing.
- _____ 7. When a company offers different products and services within the same category, (a) it is trying to serve different customer needs, (b) its position strategy has failed, (c) it has failed to take the competition into account, (d) it will be unable to make a profit.
- _____ 8. Companies that use the marketing concept will (a) focus on product features more than on consumer needs, (b) select a product mix that will most appeal to their target customers, (c) no longer care about product profitability, (d) all of these.

Problem Solving

1. Identify the item at right as a brand, package, or label. Explain your answer.

| Nutrition Facts | |
|---|----------------------|
| Serving Size 1 cup (227g) | |
| Servings Per Container about 4 | |
| Amount per Serving | |
| Calories 120 | Calories from Fat 20 |
| % Daily Value* | |
| Total Fat 2g | 3% |
| Saturated Fat 1.5g | 8% |
| <i>Trans</i> Fat 0g | |
| Cholesterol 10mg | 3% |
| Sodium 150mg | 6% |
| Total Carbohydrate 18g | 6% |
| Dietary Fiber 3g | 12% |
| Sugars 15g | |
| Protein 10g | |
| <hr/> | |
| Vitamin A 0% | Vitamin C 0% |
| Calcium 40% | Iron 0% |
| <small>*Percent Daily Values are based on a 2,000 calorie diet.</small> | |

2. Name an automobile model that is positioned to satisfy customers’ need for high quality and status. Then name an automobile model that is positioned to satisfy a need for inexpensive transportation. Describe the type of consumer who would buy each of the brands you name. Explain how the automakers of the models you have chosen use product features, branding, and positioning to make their products “stand out” from others and differentiate them in the marketplace.

3. Define the terms product mix and positioning and give an example of each for a retail bookstore.

what went wrong?

PACKAGING MATTERS

Katharine had developed a new line of dog grooming shampoo. She spent a large amount of time researching what should go into the shampoo and had the product tested to be sure it met safety standards. Her next step was to choose a way to package the shampoo. She decided that instead of a bottle, she would have the shampoo packaged in individual foil packets. She boxed the packets six to a box and set the price.

Her initial sales were good, but she was not getting repeat sales.



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Research the target market before introducing a new product.

After three months, her revenue decreased. She was unable to keep up with the expenses of running her business with no incoming revenue.

She decided to survey her customers to find out why they were not ordering more shampoo. The first ten customers she talked to told her that while they liked the shampoo, they found the packaging inconvenient. They could not hold their dog in the tub while trying to open the foil packet and squeeze the shampoo out. Katharine realized she had made a serious mistake in her choice of packaging, but now she had spent all her money and was stuck with a large inventory of shampoo in foil packets. She did not know what else to do, so she closed her business.

THINK CRITICALLY

1. What could Katharine have done to avoid her packaging mistake?
2. Is there anything Katharine could have done to avoid closing her business after she knew what the problem was?