



# BIZguides

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## Marketing

# Product Strategy

### What is a product?

In marketing terms, a product is anything that can be offered to a market to satisfy a want or need.

In other words, a product is the item(s) or service(s) that you are offering your customers.

A product can be a physical object or a service and may refer to a single item or unit, a group of equivalent products or a group of goods or services.

### Products have 3 components:

**Core product** – this is the end benefit for the buyer and answers the question: What is the buyer really buying? For example, the buyer of a car is buying a means of transport, the buyer of an aspirin is buying pain relief and the buyer of financial advice is hoping to buy financial security and peace of mind.

**Formal product** – this is the actual physical or perceived characteristics of your product including its level of quality, special features, styling, branding and packaging.

**Augmented product** – the support items that complete your total product offering such as after-sales service, warranty, delivery and installation.

### Products incorporate the following characteristics:

- **Product attributes**

**Quality** – the major tool in positioning your product. It encompasses two key elements: 1) quality level - how it is made or perceived, and 2) quality consistency - how it performs over its life.

**Features** – the physical or intrinsic characteristics of your product that contribute to the benefits it offers.

**Design** – a combination of how the product looks and how it performs.

- **Branding**

A brand is a name, term, sign, symbol or design, or a combination of these elements that identifies the maker or seller of a product or service. Branding is an important part of a product and contributes to its personality and perceived value. The power of a brand cannot be underestimated – many people buy on the strength of brand alone with no regard for price or performance.

- **Packaging**

Packaging incorporates the wrapper or container for your product. It serves to protect the product, ensuring it reaches the buyer in good condition and also conveys the personality of your brand and important safety and statutory information. There are usually two levels of packaging – the primary packaging containing each individual product (eg: a can) and the secondary packaging which contains a quantity of products (eg: a carton).

- **Labelling**

Labelling incorporates all the written information about your product and usually takes the form of an adhesive sticker, a tie-on tag or a printed piece of packaging.

### Product positioning

Product positioning is the way a product or service is seen by consumers and how they view its important attributes in relation to competitor's products. For instance a car can be positioned on the basis of style, performance, safety or economy whilst a computer might be positioned on the basis of speed, capacity, reliability or size.



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Choosing and implementing your product positioning strategy is an important task. You need to determine your product's competitive advantages (ie: what sets it apart from its competitors) and then based on this information, decide how to position your offering in the market. Quality, features, design, branding, packaging, labelling and service all affect the way your product is positioned.

### The importance of service in your product strategy

Many businesses underestimate the importance of quality customer service, but consumers today are becoming more educated, more discerning, more demanding, and more aware of their rights, so disregarding the customer service element in your product strategy could be a costly error.

When developing and implementing your customer service policy it's worth remembering the following points:

- Firstly, it's a well researched fact that each dissatisfied customer will, on average, tell 15 other people of their negative experience - a satisfied customer will tell no more than 6 so with those odds, you really can't afford to have too many dissatisfied customers.
- Secondly, it's only loyal customers that take the time to complain - others simply take their business elsewhere - so you should treat a complaint as a golden opportunity by solving it and then going on to cement a positive and ongoing relationship with that customer.

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