



● The product mix: Colgate-Palmolive's nicely consistent product mix contains dozens of brands that constitute the "Colgate World of Care"—products that "every day, people like you trust to care for themselves and the ones they love."

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consisting of dozens of familiar lines and brands. Colgate divides its overall product mix into four major lines: oral care, personal care, home care, and pet nutrition. Each product line consists of many brands and items.<sup>18</sup>

A company's product mix has four important dimensions: width, length, depth, and consistency. Product mix *width* refers to the number of different product lines the company carries. ● For example, Colgate markets a fairly wide product mix, consisting of dozens of brands that constitute the "Colgate World of Care"—products that "every day, people like you trust to care for themselves and the ones they love." By contrast, GE manufactures as many as 250,000 items across a broad range of categories, from lightbulbs to medical equipment, jet engines, and diesel locomotives.

Product mix *length* refers to the total number of items a company carries within its product lines. Colgate carries several brands within each line. For example, its personal care line includes Softsoap liquid soaps and body washes, Irish Spring bar soaps, Speed Stick deodorants, and Skin Bracer,

Afta, and Colgate toiletries and shaving products, among others. The Colgate home care line includes Palmolive and AJAX dishwashing products, Suavitel fabric conditioners, and AJAX and Murphy Oil Soap cleaners. The pet nutrition line houses the Hills and Science Diet pet food brands.

Product line *depth* refers to the number of versions offered of each product in the line. Colgate toothpastes come in numerous varieties, ranging from Colgate Total, Colgate Optic White, and Colgate Tartar Protection to Colgate Sensitive, Colgate Enamel Health, Colgate PreviDent, and Colgate Kids. Then each variety comes in its own special forms and formulations. For example, you can buy Colgate Total in regular, clean mint, advanced whitening, deep clean, total daily repair, 2in1 liquid gel, or any of several other versions.

Finally, the *consistency* of the product mix refers to how closely related the various product lines are in end use, production requirements, distribution channels, or some other way. Colgate's product lines are consistent insofar as they are consumer products that go through the same distribution channels. The lines are less consistent insofar as they perform different functions for buyers.

These product mix dimensions provide the handles for defining the company's product strategy. A company can increase its business in four ways. It can add new product lines, widening its product mix. In this way, its new lines build on the company's reputation in its other lines. A company can lengthen its existing product lines to become a more full-line company. It can add more versions of each product and thus deepen its product mix. Finally, a company can pursue more product line consistency—or less—depending on whether it wants to have a strong reputation in a single field or in several fields.

From time to time, a company may also have to streamline its product mix to pare out marginally performing lines and to regain its focus. For example, P&G pursues a megabrand strategy built around 23 billion-dollar-plus brands in the household care and beauty and grooming categories. During the past decade, the consumer products giant has sold off dozens of major brands that no longer fit either its evolving focus or the billion-dollar threshold, ranging from Jif peanut butter, Crisco shortening, Folgers coffee, Pringles snack chips, and Sunny Delight drinks to Noxzema skin care products, Right Guard deodorant, Aleve pain reliever, Duracell batteries, CoverGirl and Max Factor cosmetics, Wella and Clairol hair care products, and Iams and other pet food brands. These divestments allow P&G to focus investment and energy on the 70 to 80 core brands that yield 90 percent of its sales and more than 95 percent of profits. "Less [can] be much more," says P&G's CEO.<sup>19</sup>

**Author Comment** As noted at the start of this chapter, services are “products,” too—intangible ones. So all the product topics we’ve discussed so far apply to services as well as to physical products. However, in this section, we focus on the special characteristics and marketing needs that set services apart.

## Services Marketing

Services have grown dramatically in recent years. Services now account for almost 80 percent of the U.S. gross domestic product (GDP). Services are growing even faster in the world economy, making up almost 63 percent of the gross world product.<sup>20</sup>

Service industries vary greatly. *Governments* offer services through courts, employment services, hospitals, military services, police and fire departments, the postal service, and schools. *Private not-for-profit organizations* offer services through museums, charities, churches, colleges, foundations, and hospitals. In addition, a large number of *business organizations* offer services—airlines, banks, hotels, insurance companies, consulting firms, medical and legal practices, entertainment and telecommunications companies, real estate firms, retailers, and others.

### The Nature and Characteristics of a Service

A company must consider four special service characteristics when designing marketing programs: intangibility, inseparability, variability, and perishability (see ● **Figure 8.3**).

**Service intangibility** means that services cannot be seen, tasted, felt, heard, or smelled before they are bought. For example, people undergoing cosmetic surgery cannot see the result before the purchase. Airline passengers have nothing but a ticket and a promise that they and their luggage will arrive safely at the intended destination, hopefully at the same time. To reduce uncertainty, buyers look for *signals* of service quality. They draw conclusions about quality from the place, people, price, equipment, and communications that they can see.

Therefore, the service provider’s task is to make the service tangible in one or more ways and send the right signals about quality. The Mayo Clinic does this well.<sup>21</sup>

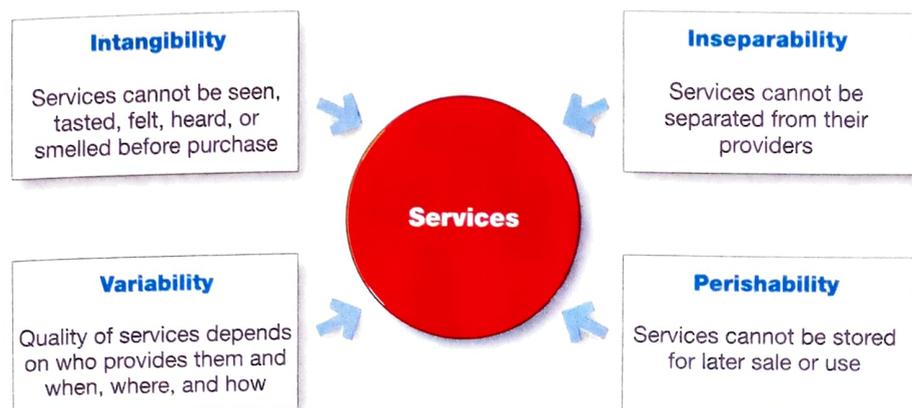
When it comes to hospitals, most patients can’t really judge “product quality.” It’s a very complex product that’s hard to understand, and you can’t try it out before buying it. So when considering a hospital, most people unconsciously search for evidence that the facility is caring, competent, and trustworthy. The Mayo Clinic doesn’t leave these things to chance. Rather, it offers patients organized and honest evidence of its dedication to “providing the best care to every patient every day.”

Inside, staff is trained to act in a way that clearly signals Mayo Clinic’s concern for patient well-being. For example, doctors regularly follow up with patients at home to see how they are doing, and they work with patients to smooth out scheduling problems. The clinic’s physical facilities also send the right signals. They’ve been carefully designed to offer a place of refuge, show caring and respect, and signal competence. Looking for external confirmation? Go online and hear directly from those who’ve been to the clinic or work there. The Mayo Clinic uses social networking—everything from blogs to Facebook, Twitter, YouTube, Instagram, and Pinterest—to enhance the patient experience. ● For example, on the Sharing Mayo Clinic blog (<http://sharing.mayoclinic.org>), patients and their families retell their Mayo experiences, and Mayo employees offer behind-the-scenes views. The result? Highly loyal customers who willingly spread the good word to others, building one of the most powerful brands in health care.

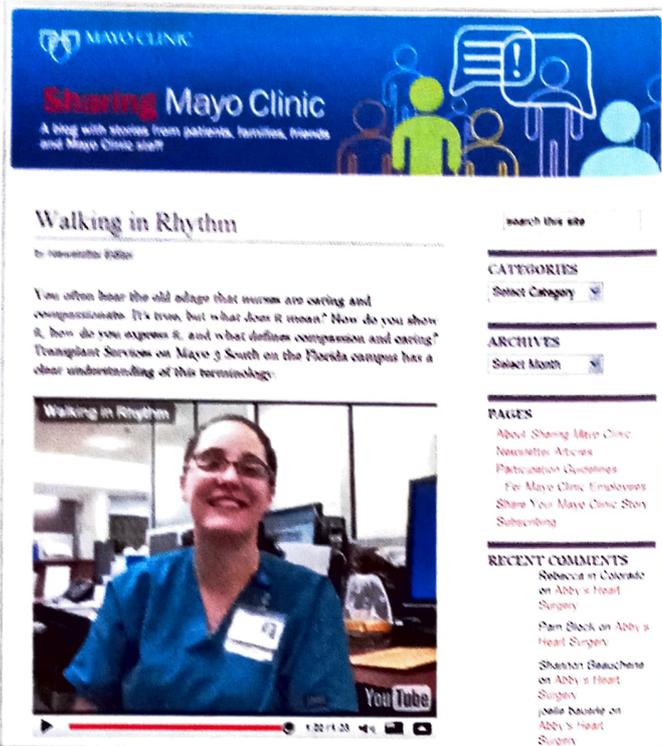
#### Service intangibility

Services cannot be seen, tasted, felt, heard, or smelled before they are bought.

● **FIGURE 8.3**  
Four Service Characteristics



Although services are “products” in a general sense, they have special characteristics and marketing needs. The biggest differences come from the fact that services are essentially intangible and that they are created through direct interactions with customers. Think about your experiences with an airline or Google versus Nike or Apple.



● By providing customers with organized, honest evidence of its capabilities, the Mayo Clinic has built one of the most powerful brands in health care. Its Sharing Mayo Clinic blog lets you hear directly from those who have been to the clinic or who work there.

Mayo Clinic

**Service inseparability**

Services are produced and consumed at the same time and cannot be separated from their providers.

**Service variability**

The quality of services may vary greatly depending on who provides them and when, where, and how they are provided.

**Service perishability**

Services cannot be stored for later sale or use.

**Service profit chain**

The chain that links service firm profits with employee and customer satisfaction.

Physical goods are produced, then stored, then later sold and then still later consumed. In contrast, services are first sold and then produced and consumed at the same time. **Service inseparability** means that services cannot be separated from their providers, whether the providers are people or machines. If a service employee provides the service, then the employee becomes a part of the service. And customers don't just buy and use a service; they play an active role in its delivery. Customer coproduction makes *provider-customer interaction* a special feature of services marketing. Both the provider and the customer affect the service outcome.

**Service variability** means that the quality of services depends on who provides them as well as when, where, and how they are provided. For example, some hotels—say, Marriott—have reputations for providing better service than others. Still, within a given Marriott hotel, one registration-counter employee may be cheerful and efficient, whereas another standing just a few feet away may be grumpy and slow. Even the quality of a single Marriott employee's service varies according to his or her energy and frame of mind at the time of each customer encounter.

**Service perishability** means that services cannot be stored for later sale or use. Some doctors charge patients for missed appointments because the service value existed only at that point and disappeared when the patient did not show up. The perishability of services is not a problem when demand is steady. However, when demand fluctuates, service firms often have difficult problems. For example, because of rush-hour demand, public transportation companies have to own much more equipment than they

would if demand were even throughout the day. Thus, service firms often design strategies for producing a better match between demand and supply. Hotels and resorts charge lower prices in the off-season to attract more guests. And restaurants hire part-time employees to serve during peak periods.

**Marketing Strategies for Service Firms**

Just like manufacturing businesses, good service firms use marketing to position themselves strongly in chosen target markets. Enterprise Rent-A-Car gives you "Car rental and much more"; Zipcar offers "Wheels when you want them." At CVS Pharmacy, "Expect something extra"; Walgreens meets you "at the corner of happy & healthy." And St. Jude Children's Hospital is "Finding cures. Saving children." These and other service firms establish their positions through traditional marketing mix activities. However, because services differ from tangible products, they often require additional marketing approaches.

**The Service Profit Chain**

In a service business, the customer and the front-line service employee *interact* to co-create the service. Effective interaction, in turn, depends on the skills of front-line service employees and on the support processes backing these employees. Thus, successful service companies focus their attention on both their customers and their employees. They understand the **service profit chain**, which links service firm profits with employee and customer satisfaction. This chain consists of five links:<sup>22</sup>

- *Internal service quality.* Superior employee selection and training, a quality work environment, and strong support for those dealing with customers, which results in ...
- *Satisfied and productive service employees.* More satisfied, loyal, and hardworking employees, which results in ...