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GCSE Business Studies

Products

What is a product? A product is “**anything that is capable of satisfying customer needs**”. This definition therefore includes both:

- ▶ **Physical products** – e.g. cars, washing machines, DVD players, take-away pizzas.
- ▶ **Services** – e.g. dental treatment, accountancy, insurance.

Products are at the heart of marketing. The product needs to exist for the other elements of the mix to happen.

Part of the marketing of the product is through **product differentiation**. This means making the product different from its competitors. Product differentiation can be achieved through:

- ▶ **Distinctive design**– e.g. Dyson; Apple iPod.
- ▶ **Branding** - e.g. Nike, Reebok.
- ▶ **Performance** - e.g. Mercedes, BMW.

Most businesses sell more than one product. Often they will produce several similar products that appeal to different customers. A collection of such products is known as a “**product group**” or “**product range**”.

Good examples of product groups include:

- ▶ Dell's range of desktop and laptop computers.
- ▶ Sony's range of DVD players and televisions.

There are several advantages to having a product range rather than just one product:

- Spread the risk** – a decline in one product may be offset by sales of other products.
- Selling a single product may not generate enough returns for the business (e.g. the market segment may be too small to earn a living).
- A range can be sold to **different segments** of the market e.g. family holidays and activity holidays.

However a greater range of products can mean that the marketing resources (e.g. personnel and cash) are spread more thinly. Recently Unilever, who make over two hundred well known brands such as Dove and Flora margarine, decided sell some of their product names to concentrate their investment on fewer products and brands.

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