



## PRODUCTS CLASSIFICATION





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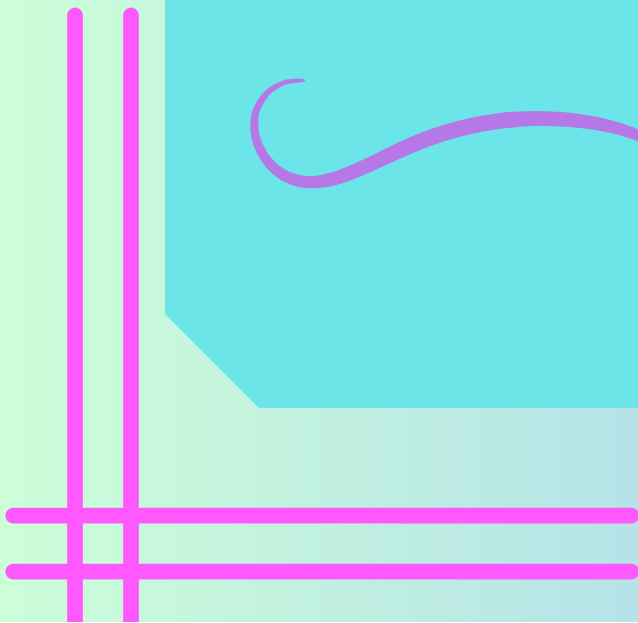
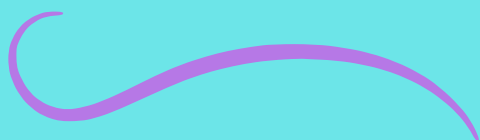
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We would like to take this opportunity to thank those who have contributed directly and indirectly in the preparation and publication of this e-book. To our husbands, families, friends as well as our lovely readers, we hope that this e-book would give you the necessary input that will be beneficial for all.





# SYNOPSIS

Products classification e-book is written based on Principles of Marketing syllabus for Polytechnic students. The objective of this e-book is to assist the students who use this e-book as their reference to get knowledge about products and also to enhance their understanding on products classification. This e-book also can be used as a teaching material for Polytechnic lecturers in their teaching and learning session in class.

This e-book explains about what are products and services, the different levels of products, types of products, the classification of consumer products and industrial products classification. This e-book also provide questions, group activities, discussion questions, matching questions and multiple choice questions.

It is hoped that this e-book could help students to understand better about product classification.

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# ABOUT THE AUTHORS



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Haniza Binti Mohamed is a Retail Management lecturer in Commerce Department, Politeknik Ungku Omar and has 24 years of experience in teaching Diploma and Advance Diploma level students. She received her Diploma In Business Studies from Institute Teknologi MARA (ITM), Perak. Then she pursued her study at Wichita State University (USA) for Bachelor of Business Administration (BBA Hons) in Marketing. She had working experience as Public Relation Officer at Majlis Perbandaran Manjung, Perak for 3 years.

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# INTRODUCTION



Product classification helps business meet and exceed the standards set by competitors. It helps to make more effective brand in business niche and industry.

Product classifications can help you to understand better on what motivates people to make a purchase. That information helps marketer to make more effective decisions for marketing, pricing, sales and distribution.



## Why the Classification of Consumer Products Is Important

Understanding how product might be classified can also help the business to find ways to make it stand out. It can also help marketer weigh the value of continued innovation, research, and development.

Marketer can make decisions that help customers to find and use website for online purchases. It is important to create industry awareness. Correct product classifications can help businesses avoid unnecessary risks. They also give impact on pricing and distribution.

# 1.0 EXPLAIN PRODUCTS AND SERVICES



## *Products*

Product is anything that can be made available to a market, for any acquisition, usage or consumption that could satisfy a desire or need.

## *Services*

Services are form of goods that are supplied for sale and made up of activities, advantages or enjoyment. Services are essentially intangible and do not grant ownership of anything.



# Products include

Goods

Services

People

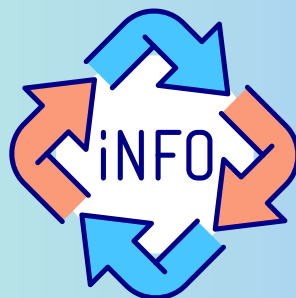
Events

Experiences

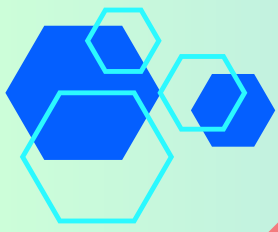
Information

Places

Ideas





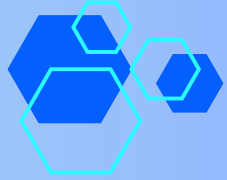


## Goods

For example,  
car, clothes  
and iron.

## Services

For example, hair  
salon, after schools  
day care and  
personal tuition.



## People

For example, golf  
player, lecturer  
and influencer.

## Events

For example,  
books carnival  
and  
SEA games.

## Experiences

For example,  
theme park,  
jungle tracking  
and holiday packages.

## Information

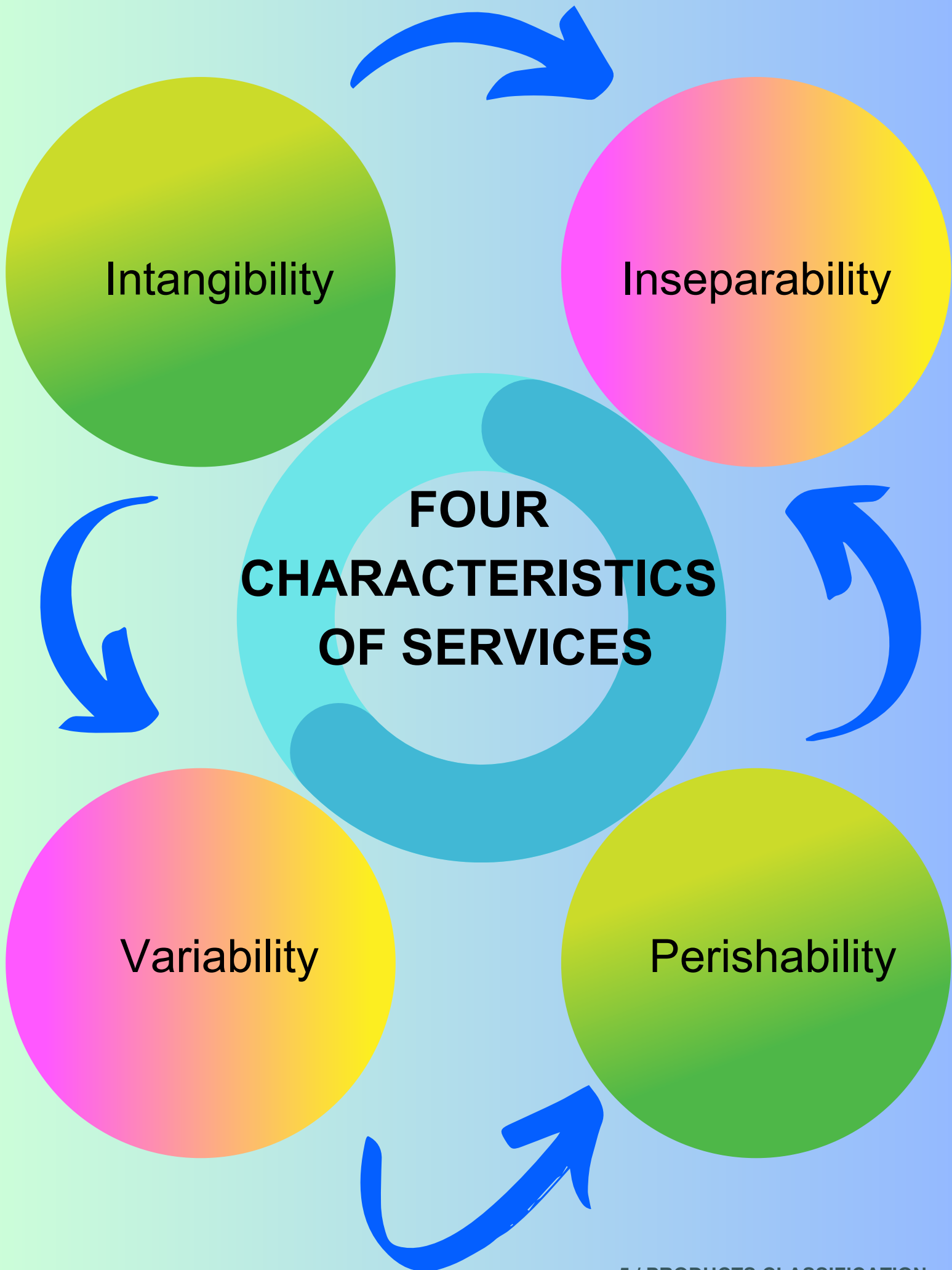
For instance,  
marketing data,  
research conclusions  
and database.

## Places

For instance,  
holiday  
destinations and  
cities

## Ideas

For example,  
interior design,  
financial consultant  
and wedding  
consultant.



## Intangibility

It refers to a form of product that you cannot hear, feel or see before making a purchase. For instance, class lecture.



## Inseparability

Services that are inextricably linked to their suppliers. For instance, class lecture cannot be separated from the lecturer.

## Variability

Service quality is influenced by who offers them, when, where and how they are delivered. For instance, academic levels and teaching experience of the lecturer.

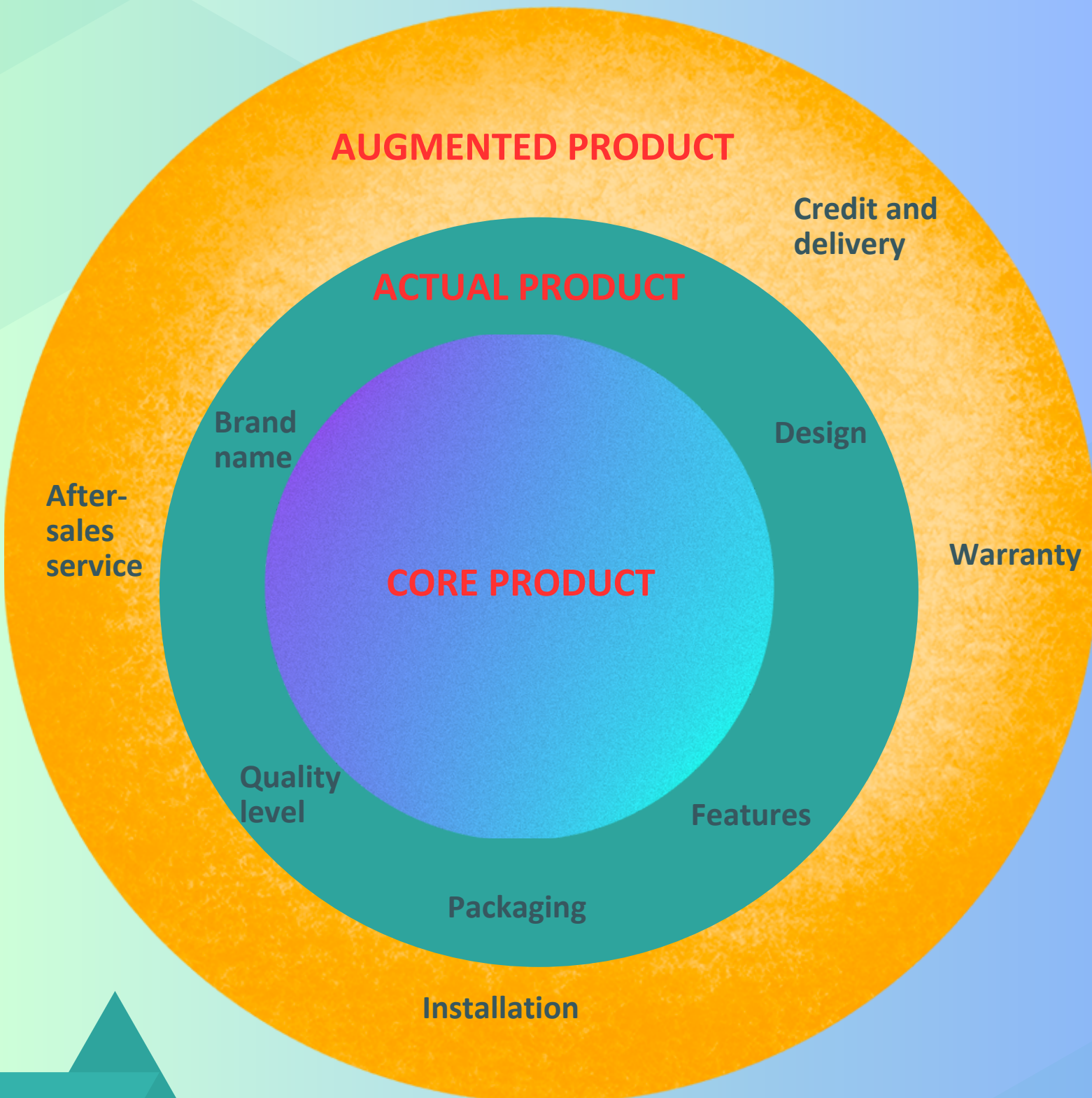
## Perishability

Services cannot be kept for sale or usage at a later time. For instance, lecture class cannot be adjourn because it depends on the timetable of the lecture.





# 2.0 LEVELS OF PRODUCTS



## 2.1 CORE PRODUCT



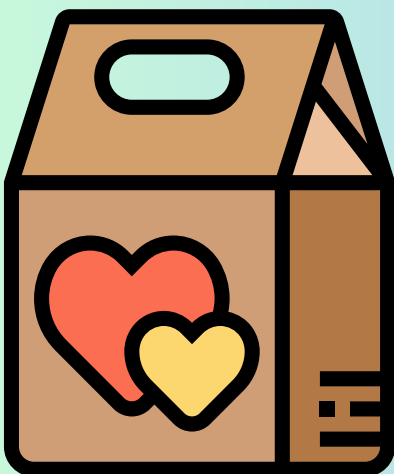
The basic level refers to primary needs of customer. These levels address the question of "What customer is really buying". Marketers define the problem solving benefits that consumer are looking for when buying a products or services.



For instance, when a customer purchases a watch, he is also purchasing a tool that will aid in his punctuality.

## 2.2 ACTUAL PRODUCT

Actual product refers to the characteristics of products. It includes features, design, quality levels, brand name, packaging and label of the product.



For instance, a watch's physical attributes and traits include high quality, a contemporary design, durability and a well known brand name.

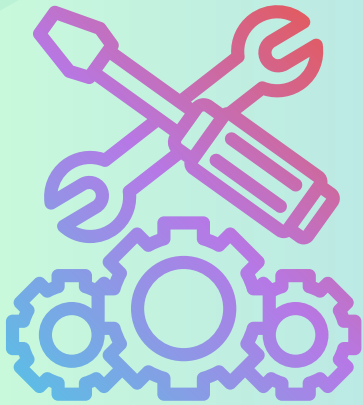




## 2.3 AUGMENTED PRODUCT



Augmented product refers to the extra services that the producer offers and include with the product.



Attractiveness of augmented product is, it give benefits to the consumer such as after sales services, warranties, delivery and maintenance service.



For example, the augmented product for a watch include one year warranty and free maintenance service if the watch facing a battery problem.

# LEVELS OF PRODUCT APPLICATION

## CORE PRODUCT

- For communication purpose

## ACTUAL PRODUCT

- Brand name
- Quality level
- Packaging
- Features
- Design



## AUGMENTED PRODUCT

- Warranty
- Installation
- After sales service
- Delivery & credit

# 3.0 TYPES OF PRODUCTS

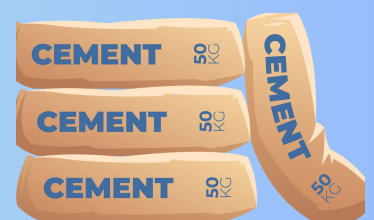
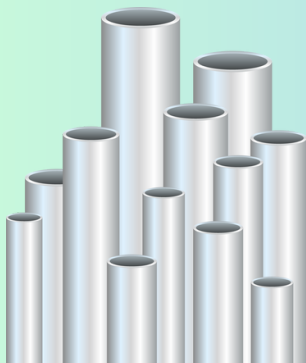
## 3.1 Consumer Product

Consumer goods, often known as final goods, are items that are purchased by people or families for their own use. Shoes, clothing, handbag and books are a few examples.

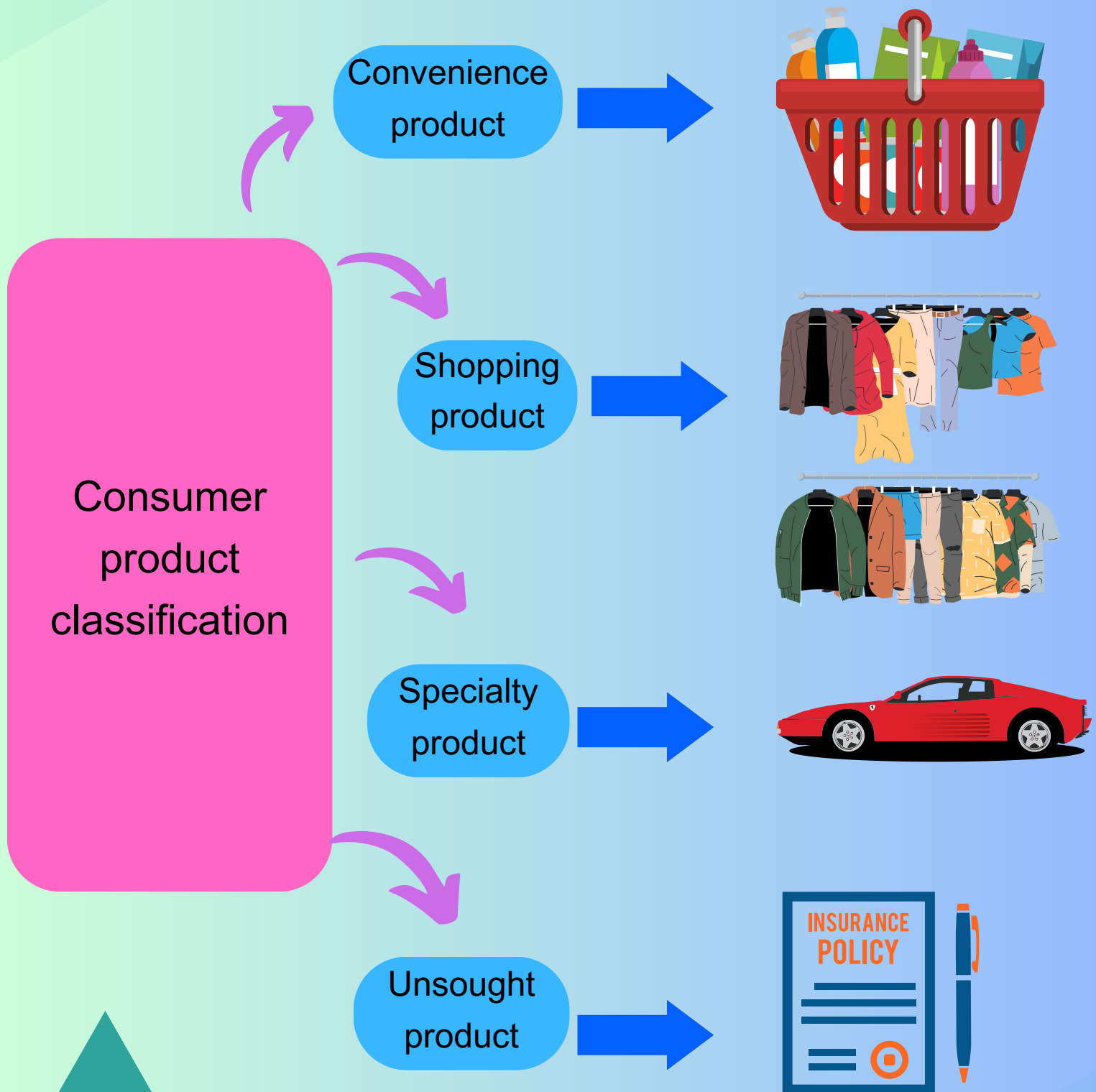


## 3.2 Industrial product

Industrial goods are bought and used for further operation or for business use. For example, cement, wheat and steel.



# 4.0 CONSUMER PRODUCTS CLASSIFICATION



# 4.1 CONVENIENCE PRODUCTS

The majority of the time, customer acquire convenience goods on a regular basis, without much thought and at low cost. For instance, crackers, detergent and flour.





# 4.1.1 TYPES OF CONVENIENCE PRODUCTS

## a. Staple products

Products that used frequently and are most frequently purchased. For instance, detergent, cereal and flour.



## b. Impulse products

Products that are purchased with little thought or research, such as chocolates, snacks and amusement periodicals.



## c. Emergency products

Products like flashlights, lighters and umbrellas that are purchased in emergency situations or dire circumstances



## 4.2 SHOPPING PRODUCTS

Shopping items are things that individuals don't typically purchase and require careful planning before purchasing.



Consumer spends too much time and search for more information regarding the products. Prior to making a purchase, consumer consider the suitability, quality, pricing and style. For examples, laptop, mobile phones and clothes.



## 4.2.1 TYPES OF SHOPPING PRODUCTS

### a. Homogenous shopping products

Consumers go for the lowest price for items they perceive as being essentially the same, such as imported green apples, vegetables and commodity.



### b. Heterogenous shopping products

Consumers perceive the quality, style, suitability and lifestyles compatibility of products to vary. It can be challenging to compare heterogeneous products since they may have distinctive qualities (such as brand, packaging, warranty and design), as well as varying degrees of quality and price, like branded apparel, laptops and mobile phones.



## 4.3 SPECIALTY PRODUCTS



Specialty products are products that have distinctive qualities or brand recognition. Buyers do not usually compare these specialty products.

These products are usually costly and availability is frequently restricted.



Consumers usually have brand adherence for these products. Consumers are willing to travel long distances to purchase these products. For example, specialist hospitals, antique furniture, and branded jewellery.



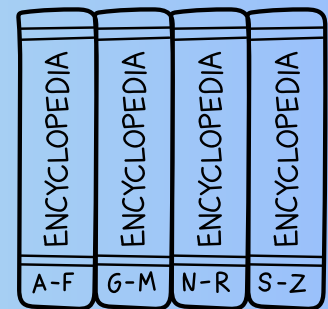
## 4.4 UNSOUGHT PRODUCT

Unsought products are those that consumers do not want to purchase because they are either unaware of them or are aware of them but do not wish to purchase them.



This product required aggressive selling effort and highly persuasive advertising.

For example life insurance policies, funeral services and encyclopedias.





# MARKETING CONSIDERATION FOR CONSUMER PRODUCT

Marketing Considerations	Type of Consumer product			
	Convenience	Shopping	Specialty	Unsought
Customer buying behavior	Frequent purchase, little planning, little comparison or shopping effort, low customer involvement	Less frequent purchase, much planning and shopping effort, comparison of brands, on price, quality, style	Strong brand preference and loyalty, special purchase effort, little comparison of brands, low price sensitivity	Little product awareness, knowledge (or, if aware, little or even negative interest)
Price	Low price	Higher price	High price	Varies
Distribution	Widespread distribution, convenient locations	Selective distribution in fewer outlets	Exclusive distribution in only one or a few outlets per market area	Varies

Table 1.0 Marketing Consideration for Consumer Product

Source: Kotler, P., & Armstrong, G. (2018). Principles of Marketing (17th ed.). Pearson

# MARKETING CONSIDERATION FOR CONSUMER PRODUCT

Marketing Considerations	Type of Consumer product			
	Convenience	Shopping	Specialty	Unsought
Promotion	Mass promotion by the producer	Advertising and personal selling by both producer and resellers	More carefully targeted promotion by both producer and resellers	Agressive advertising and personal selling by producer and resellers
Examples	Toothpaste, magazines, laundry detergent	Major appliances, televisions, furniture, clothing	Luxury goods, such as Rolex watches or fine crystal	Life insurance, Red Cross blood donations

Table 1.0 Marketing Consideration for Consumer Product

Source: Kotler, P., & Armstrong, G. (2018). Principles of Marketing (17th ed.). Pearson

# 5.0 INDUSTRIAL PRODUCTS CLASSIFICATION

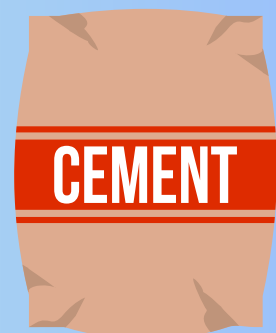
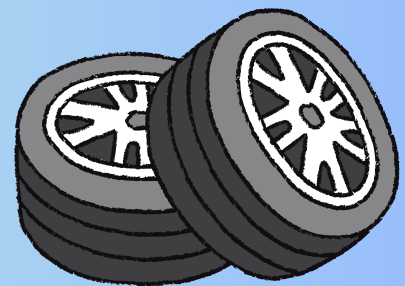
## 5.1 MATERIAL AND PARTS

Raw materials and produced materials and parts are both considered materials and parts.

Farm items (wheat, cotton, cattle, fruits and vegetables) and natural products (fish, timber, crude oil, iron ore) make up raw materials.



Components materials (such as iron, yarn, cement and wires) and component (such as small motors, tyres and castings) make up manufactured materials and parts. The majority of manufactured goods and components are sold straight to industrial customers.



## 5.2 CAPITAL ITEMS

Industrial goods , installations and ancillary equipment that support the buyer's operations or output. Installations include substantial acquisitions such fixed equipment (generators, drill presses, massive computer system, lifts) and structures ( factories, offices)



Accessory equipment includes portable factory equipment and tools (hand tools, lift trucks) and office equipment (computers, fax machines, desks). They have a shorter life than installations and simply aid in the production process.



## 5.3 SUPPLIES AND SERVICES



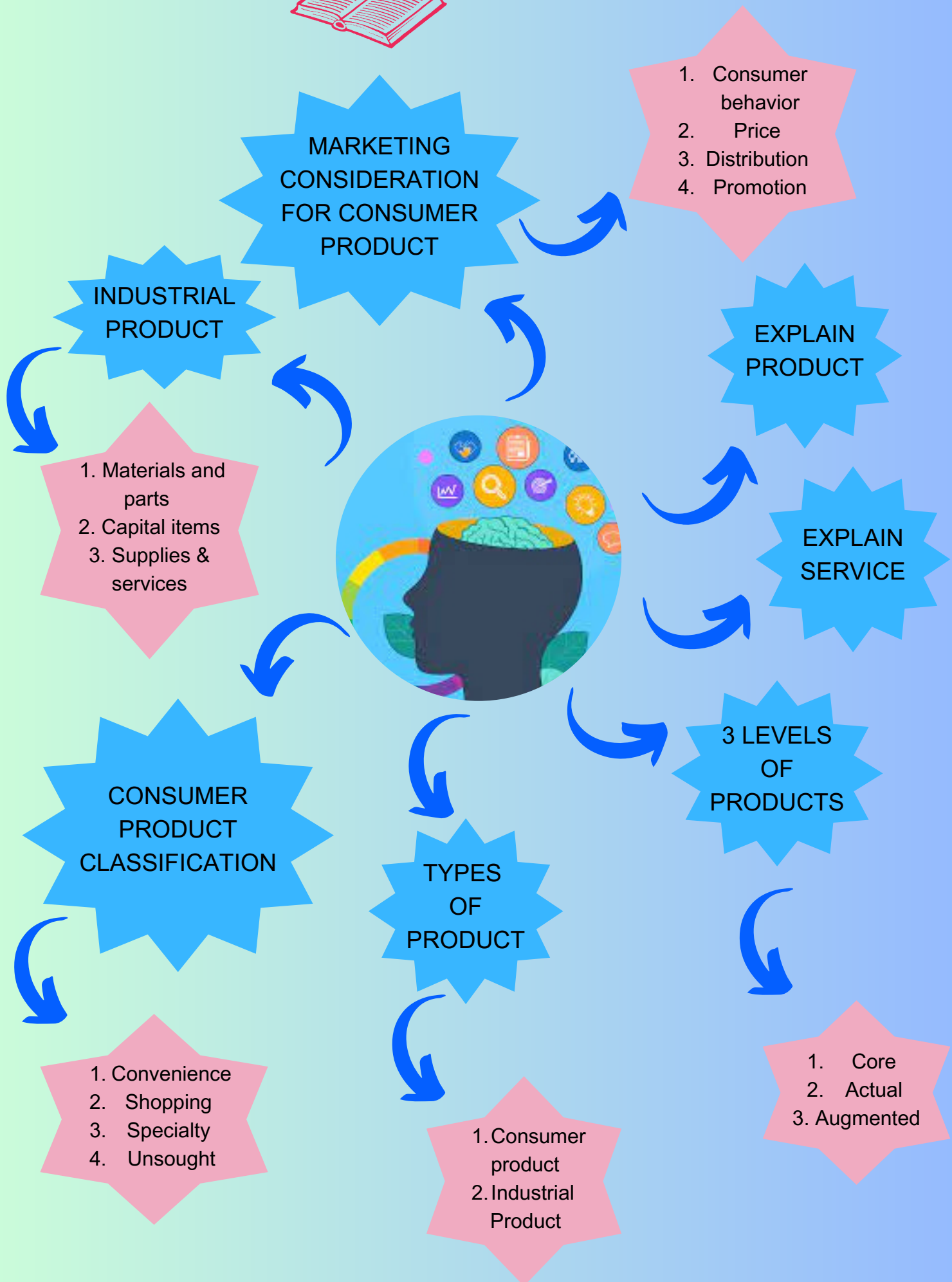
Operating materials (lubricants, coal, paper and pencils) and repair and maintenance tools (paint, nails and brooms) are example of supplies. Because supplies are typically purchased with little effort or comparison, they are the convenience items of the industrial field.

Window washing, computer repair and business advice services including legal counsel and management consulting are example of maintenance and repair services provided to business. Typically, contracts are used to supply these services.





# REVISION



# QUESTIONS



1. Define product and service
2. Discuss the THREE (3) levels of product. Give an appropriate example for each level.
3. List FOUR (4) unique characteristics of services .
4. Explain TWO (2) types of products.
5. Discuss FOUR (4) classifications of consumer products with suitable examples.
6. Describe with example the convenience product.
7. Identify the types of industrial products with suitable examples.
8. Discuss marketing consideration for shopping product in terms of:
  - (i) Consumer behavior
  - (ii) Price
  - (iii) Distribution
  - (iv) Promotion

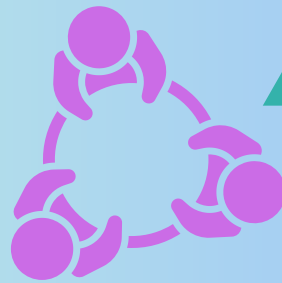
# GROUP ACTIVITY



## Question 1

Topic	Sub Topic
Product Classification	<ul style="list-style-type: none"><li>a) Definition of product and service</li><li>b) Levels of product</li><li>c) Types of product</li><li>d) Consumer product classification</li><li>e) Industrial product classification</li></ul>
Objective	<p>At the end of this class activity, the students should be able to:</p> <ul style="list-style-type: none"><li>a) Define product and service</li><li>b) Identify levels of products</li><li>c) Explain Two (2) types of product</li><li>d) Differentiate classification of product-consumer product and industrial product</li></ul>
Participant	Group of 4-5 person per group
Teaching & Learning Strategy	Experiential learning, brainstorm and group discussion
Prior knowledge:	Definition of product and service
Material:	Any physical product

# GROUP ACTIVITY



## Question 1

Objective	Activity	Output	Reflection
To identify product and service, levels of product and product classification	<ol style="list-style-type: none"><li>1. Provide students with any single product or students brought any product they prefer.</li><li>2. From the product, the students are required to identify and list the followings:<ul style="list-style-type: none"><li>• Levels of products</li><li>• Product classification</li></ul></li></ol>	At the of the activity, students should produce a poster that include the levels of product and the classification of product and do a presentation based on the poster.	



# DISCUSSION QUESTIONS



## Question 1

Pick two product categories – one should be a physical good and the other should be a service. For each product that you have selected, outline how the THREE (3) product levels could be structured.

## Question 2

In group of 4-5 person per group discuss the core product, actual products and augmented level of products for the service stated below:

- (a) Hotel service
- (b) Bank service
- (c) Transportation service

## Question 3

Identify TWO (2) new consumer products sold in a grocery store or by a mass merchandiser. Discuss the marketing consideration for the consumer product based on:

- (a) customer buying behavior
- (b) price
- (c) distribution
- (d) promotion

## Question 4

Break into groups and make a list of FOUR (4) different types of consumer products and THREE (3) different types of industrial product. Present the list to the class.



## Question 5

Consumer products can be classified (see list in question area) into different types, in order to better understand their consumer's behaviour and to assist in the design of their supporting marketing mix.

Your task in this activity is to appropriately classify the following list of products.

Wide-screen TV  
Eggs  
A new car  
Charity donations  
A mobile phone  
Computer games  
Newspaper  
Hot coffee  
A tennis racquet  
Jewelry  
Life insurance  
Luggage  
A haircut  
Can of soup  
Textbooks  
Clothing  
Soft drink (soda)  
Flowers (as a gift)  
Furniture

- (a) Start by classifying the above products into either: convenience products, shopping products, specialty products, or unsought products.
- (b) Are there any products that can be classified into more than one category?
- (c) In what ways could a marketer benefit from this classification system? In other words, how does it help guide them in their marketing activities?

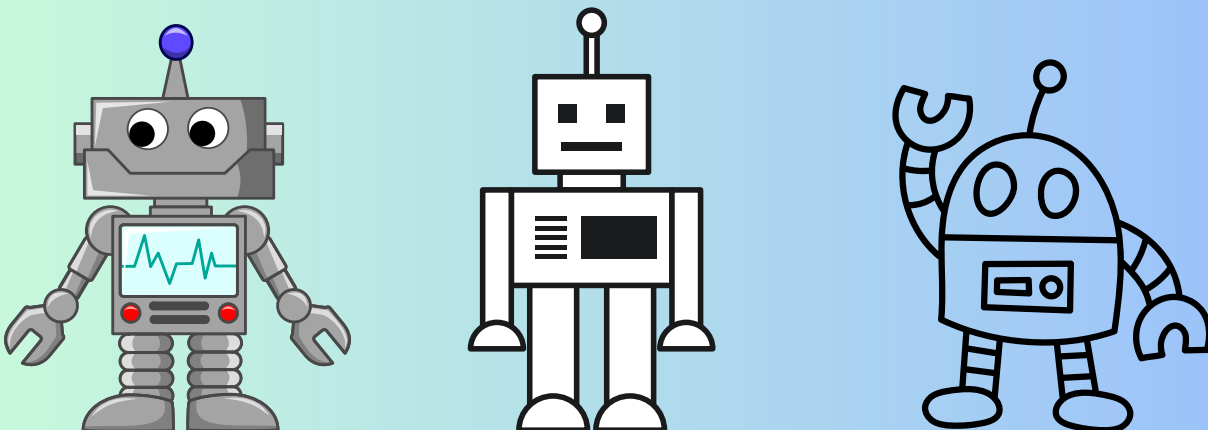
## Question 6

For decades, consumers have dreamed of owning home robots. Industry uses many production-line robots, and many companies are now working on products for the consumer. Some basic product currently available for consumers include navigation systems, home security robots, cleaning tools such as robotic vacuums, and toys that provide some elementary robotic functions. Several companies are working on the next step-humanoid robots that can serve consumers. In designing these products, companies must determine what features are most desirable to consumers and benefits their products can offer.

Two leading products are Honda's Asimo and Sony's QRIO. The products, both in the development stage, will offer companionship to humans. Honda's Asimo stands four feet tall and can walk smoothly on its two feet in any direction, including slopes and steps. It has voice and visual recognition, which allows it to greet people by name and follow basic commands. In Japan, Asimo is now being used by museums as a guide and by some high-tech companies to greet visitors. It is not yet available for purchase in the United States. Sony is developing the product to make people's life easier. In addition, Sony's wants to make life fun and happy and to provide a navigator as the world becomes more complex. See the corporate Web sites for more information on Asimo (<http://world.honda.com/ASIMO/>) and QRIO ([www.sony.net/SonyInfo/QRIO/](http://www.sony.net/SonyInfo/QRIO/)).

Based on the above article,

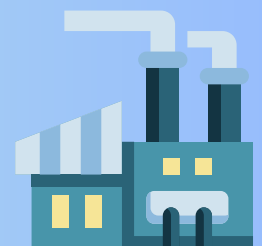
- 1.Explain the core, actual and augmented levels of a home robot.



# MATCHING QUESTIONS



Unsought product
Specialty product
Material & parts
Capital item
Convenience product
Shopping product
Supply & services



# MULTIPLE CHOICE QUESTIONS



- Q1. The banking service and hotel services are examples of:
- A. products
  - B. commodities
  - C. barter system
  - D. offered services
- Q2. The product packaging is said to be part of .....
- A. actual products
  - B. positioning strategy
  - C. competitive strategy
  - D. core product
- Q3. The products that are bought to be used in conduct of business is called
- A. consumer products
  - B. industrial product
  - C. augmented product
  - D. core consumer value
- Q4. What is the general term for products that have a physical form?
- A. services
  - B. goods
  - C. components
  - D. raw materials
- Q5. What is the core product or benefits of a winter coat?
- A. its cost
  - B. the warmth it provides
  - C. the brand
  - D. the material it is made of

# MULTIPLE CHOICE QUESTIONS



Q6. Which of the following would be classified as a convenience product?

- A. a hairbrush
- B. Rolex watch
- C. life insurance
- D. a pair of jeans

Q7. Which of the following are bought very infrequently, are very expensive and represent a very high risk?

- A. specialty products
- B. shopping products
- C. generic products
- D. branded products

Q8. Which of the following product is most likely to be purchased through routine decision making.

- A. television
- B. shirt
- C. soft drink
- D. car

Q9. Anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need.

- A. idea
- B. product
- C. demand
- D. service

Q10. The kind of convenience goods that are purchased by consumers for an urgent need are classified as

- A. homogeneous goods
- B. impulse goods
- C. emergency goods
- D. staples

# REFERENCES



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