

9.2: Products, Services, and Experiences

Learning Objectives

By the end of this section, you will be able to

- Differentiate between products, services, and experiences.
- Describe how consumer and business/industrial products are classified.
- Identify the four levels of a product.

Products and Services Defined

When a customer makes a purchase, they expect value from that exchange. Think about what you ate for breakfast today. You paid money to receive a product that satisfied your hunger. Is that all the value you received? Perhaps not. If you ate eggs, bacon, and coffee at a restaurant, you had both a product and a service experience. Maybe someone at the restaurant handed you a menu, took your order, brought your food, refilled your coffee, cleaned up dishes, and collected payment for your meal. The eggs, bacon, and coffee were the product, whereas the acts of the restaurant staff were a service. And the summation of it all was the product–service experience.

Products are tangible items that are part of an exchange between a buyer and seller. Products can be seen, touched, owned, and stored. For example, the computer or tablet you’re using to read this textbook is a product. You may have visited a store to see and touch the product before purchasing to ensure it meets your needs. Post-purchase, the computer or tablet is yours to own and store for later use. The tangible nature of the product allows the consumer to possess it.

Services are intangible solutions that are also an exchange between buyer and seller. Unlike products, services cannot be touched, owned, or stored for later use. For example, a college course on marketing is a service. Students cannot own the course; they cannot store it for later, nor will they have a tangible object representing the course. Another defining feature of a service is the customer is typically a part of the service experience. Imagine buying tickets to your favorite band in concert. You must attend the concert to realize the full benefit of the service experience.

While a computer is a true product and a marketing class is a true service, many exchanges between buyer and seller fall somewhere in the middle of the product–service continuum (see Figure 9.2). Think back to the restaurant breakfast at the top of this section; restaurants are a prime example of an exchange that includes products and services. Marketers typically work with an offering on the product–service continuum. This means they need to understand how to influence consumer behavior in searching for products and services.



Figure 9.2 The Product–Service Continuum (CC BY 4.0; Rice University & OpenStax)

Customer Experience

Customer experience (CX) is the overarching impression that customers have of a brand. Therefore, each touch point with a product or service becomes a part of the customer experience. A strong customer experience integrates technology, marketing, sales, and customer service to deliver a strong brand perception.

For example, if you have ever visited an Apple Store, you probably have experienced one of the most lauded customer experiences there is. From the moment you walk in, you are surrounded by products and transported into a world of technology. Each touchpoint, from the check-in on an iPad to the latest products that are available for use, reinforces the brand through customer experience. Brands with strong customer experience tend to have more loyal customers who become brand advocates.

Marketing in Practice: Netflix

Netflix has perfected the customer experience (see Figure 9.3). Using technology as a driver, Netflix predicts its customers' viewing preferences using an algorithm, removing friction from the user experience and making the brand an essential part of its customers' lives. Netflix's use of personalization is common among companies that excel in customer experience. The customer is at the center of the experience that is entirely tailored to them.



Figure 9.3 The Netflix brand is known for perfecting the streaming business by optimizing usage data to create an individualized and customized user experience. (credit: "Netflix Logo on the PC Monitor, Photographed through a Magnifying Glass" by Marco Verch/flickr, CC BY 2.0)

Once users enter the Netflix website, they see an experience that makes their viewing opportunity seamless and flexible. Netflix lets users know right away that it streams thousands of movies and television shows on various devices. The sign-up involves three easy steps, and then the customer is brought into a viewing world built around them.

The Netflix algorithm analyzes viewing habits based on a variety of factors, including

- Viewing history
- Genre or category
- Time of day watched
- How long the user watched
- Devices currently streaming
- Rating history for similar content
- Other Netflix users with similar preferences on the platform (Schneider, 2021).

As the algorithm learns more about the viewer, the customer experience improves, becoming essential to customers' lives and building brand loyalty.

Classifications of Consumer and Business Products

Product managers classify products first by whether they are consumer products or industrial products. This classification is essential because businesses typically make product purchase decisions to create a consumer good. Meanwhile, consumers are buying products for their personal use. Therefore, this distinction impacts how product managers design, market, and sell products.

Consumer products are classified into four main categories (see Table 9.1):

1. Convenience products are products that consumers can purchase easily, quickly, and without a lot of thoughtful decision-making. Convenience product purchases may be habitual in that the consumer buys the same brand each time. In addition, they are typically lower-priced and have wide distribution, making them easily accessible to consumers. Frozen waffles, bar soap, milk, and bathroom cleaners are examples of convenience products.
2. Shopping products require more thought from the consumer. Consumers may research and shop around for shopping products, seeking the best quality or price. Shopping products are typically available at a few retail stores and online and may be priced higher than convenience products. Exercise equipment, technology, clothing, and airline tickets are shopping products.
3. Specialty products have unique qualities that consumers will make an extra effort to seek out. The product's unique nature typically means that the consumer will not comparison-shop and will spend a significant amount of time and money to procure the product. Luxury cars, rare breeds of saltwater fish, fine art, and jewelry are examples of specialty products.
4. Unsought products are consumer goods that a buyer doesn't anticipate purchasing. As a result, the consumer is often unaware of the product or does not think it is needed. A flat tire that needs repairing, a roof damaged in a storm that needs to be replaced, and funeral services are examples of unsought products.

Table of Types of Products

Type of Product	Price	Consumer Decision-Making Process	Distribution
Convenience	Low	This is a habitual/automatic purchase process that involves little comparison shopping.	Widespread distribution at several retail outlets
Shopping	Low-Mid	Time is spent on the consumer decision-making process and comparison shopping for price and quality.	Selective distribution at retail outlets that match customer and brand type
Specialty	High	Having a specific brand or product in mind means little comparison shopping. Typically, this is a special purchase with a lot of planning.	Exclusive distribution at one or a select few retail outlets
Unsought	Variable	Consumers are unaware or uninterested, so they exert little thought or comparison shopping.	Variable distribution depends on the product

Table 9.1 Types of Products

Classifications of Business and Industrial Products

Businesses purchase products to aid in manufacturing or creating consumer products or services. For example, if you have ever been to a doughnut shop, you might think about how the bakers produce a doughnut. The bakers have probably purchased baking equipment, ingredients for the doughnuts, boxes to package the doughnuts, and a service to make deliveries. Business and industrial products are classified as follows:

1. Raw materials are the products that a business needs to purchase to make a consumer good, such as flour, sugar, and yeast, as in our doughnut example.
2. Manufactured materials and parts are products used to create the product. For example, large baking sheets are manufactured materials specific to a bakery and purchased to enable product creation.
3. Capital items are assets that are valuable to the business and have tangible value. For example, our bakery's large ovens would be considered a capital item.
4. Supplies and services are goods and services typically disposed of and do not contain a tangible value. For example, the bakery's boxes are part of its supplies to package doughnuts.

The Three Levels of Product

In marketing, we often say that consumers do not make rational decisions—this consumer decision-making process ties directly to how we think about products. Therefore, product marketers should ask themselves, “What’s the problem the consumer is trying to solve?” The answer to this question gets to the root of the core product. The core product is what your customer is actually buying: convenience, ego, ease, flexibility, etc. For example, if you have ever purchased single-use plastic water bottles, you were likely purchasing a core product of convenience.

The second level of a product is the actual product: a toaster, a waffle, or a sports car, for example. The actual product includes the product features, brand, level of quality, packaging, and design.

The third level of a product is the augmented product: warranties, customer service, product support, etc. The augmented product is the unseen aspects of the product essential to its service to you. For example, Butterball launches a turkey talk-line that provides tips on cooking the perfect Thanksgiving turkey each Thanksgiving. So if you have questions about turkey roasting, the talk-line is ready and waiting to answer them with this augmented product. A hotel might provide concierge services to obtain tickets to events or limousine service, dry cleaning services, recommendations for local restaurants, etc. All of these would be augmented services. (see Figure 9.4).

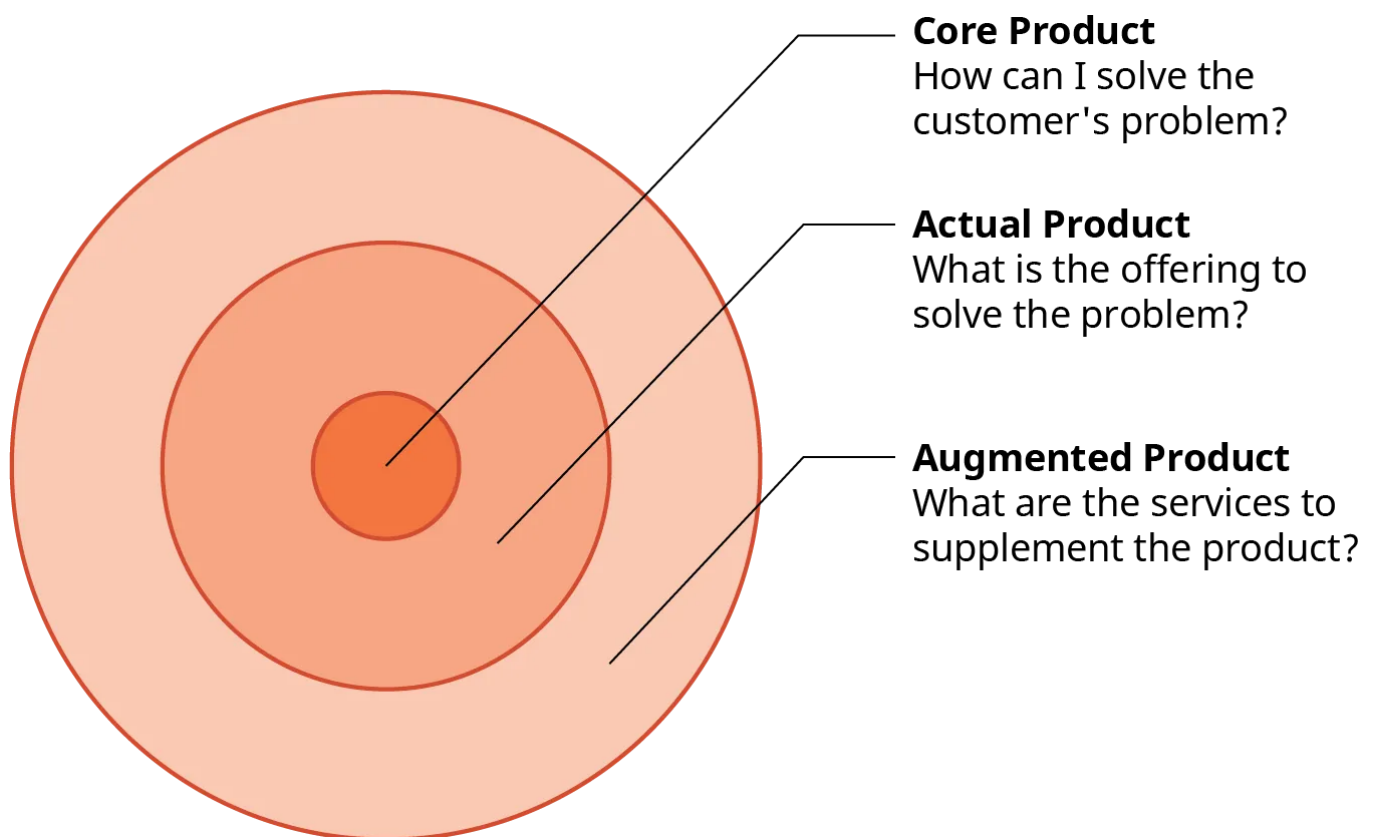


Figure 9.4 Three Levels of a Product (CC BY 4.0; Rice University & OpenStax)

Careers In Marketing: Product Marketer

A product marketer, also sometimes known as a product marketing manager, promotes a product and its features to a target market. Learn more about this [job role through this article from HubSpot](#), including a job description, necessary qualifications, and job responsibilities. Also, check out this video from a Google employee about being a product marketer.



If this job interests you, check out this [article from Indeed](#) that outlines more details, including the typical salary, necessary skills, and education requirements. Or refer to this [guide on how to take the next step and get a job in product marketing](#).

Lastly, to start preparing for a job in this role, check out this [mock interview](#) for the product marketing manager role.



Knowledge Check

It's time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

1.

Which of the following is the best example of a pure service?

- a. Haircut
- b. Meal at a restaurant
- c. Frozen waffles
- d. Sports car

2.

Jorge visited his favorite retailer to find that the store had transformed into a space with product demonstrations, product trials, and technology, which improved his overall perception of the brand. This is called a(n) _____

- a. product
- b. service
- c. experience
- d. advertisement

3.

A package of gum at the checkout of a grocery store is considered a(n) _____ product.

- a. convenience
- b. shopping
- c. specialty
- d. unsought

4.

Potbelly Sandwich Shops use paper bags to hold customers' sandwiches. What type of industrial product is the bag?

- a. Raw materials
- b. Manufactured materials and parts
- c. Capital items
- d. Supplies and services

5.

At the beginning of this chapter, we learned about the Peloton brand. Peloton users use not only the physical bike but also online classes with an instructor to stay fit in their own homes. This need represents the _____ product.

- a. core
- b. actual
- c. augmented
- d. valued

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