

7. Products and their packaging must be designed to reduce adverse environmental impact as much as possible.
8. Most companies sell more than one product. A product mix can be classified according to width, length, depth, and consistency. These four dimensions are the tools for developing the company's marketing strategy and deciding which product lines to grow, maintain, harvest, and divest. To analyze a product line and decide how many resources to invest in it, product line managers need to look at sales and profits and market profile.
9. A company can change the product component of its marketing mix by lengthening its product via line stretching (down-market, up-market, or both) or line filling, by modernizing its products, by featuring certain products, and by pruning its products to eliminate the least profitable.
10. Brands are often sold or marketed jointly with other brands. Ingredient brands and co-brands can add value, assuming they have equity and are perceived as fitting appropriately.
11. Physical products must be packaged and labeled. Well-designed packages can create convenience value for customers and promotional value for producers. Warranties and guarantees can offer further assurance to consumers.

MyMarketingLab

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Applications

Marketing Debate

With Products, Is It Form or Function?

The “form vs. function” debate applies in many arenas, including marketing. Some marketers believe product performance is the be-all and end-all. Other marketers maintain that the look, feel, and other design elements of products are what really make the difference.

Take a position: Product performance is the key to brand success *versus* Product aesthetics are the key to brand success.

Marketing Discussion:

Product and Service Differentiation

★ Consider the many means of differentiating products and services. Which ones have the most impact on your choices? Why? Can you think of certain brands that excel on a number of these means of differentiation?

Marketing Excellence

>> Nivea

In 1882, pharmacist Paul C. Beiersdorf established his company with a patent for medical plasters. Beiersdorf sold his company to Oscar Troplowitz in 1890. By 1911, Oscar Troplowitz had developed the world's first stable skin cream based on a water-in-oil emulsion. He named the product Nivea, derived from the Latin words *nix*, *nivis*, meaning “snow” or “of snow.” With this brand name, the core benefit of Nivea was being highlighted: Nivea

protected the skin so that it stayed white as snow—the ideal of female beauty in Europe at the beginning of the last century.

By 1914, the company had already generated 42 percent of their sales outside of Germany and was doing business in 34 countries. Fourteen years after its market introduction, Nivea underwent what we would today call a relaunch. Before 1925, Nivea crème was sold in an off-white tin with the brand name written in green cursive lettering. With the relaunch, the package design was modernized. The dye of the tin was changed to blue, a color that is today

associated with the brand, and the typography was changed to a more modern font. Furthermore, the positioning strategy was switched to keep up with the social changes of that time. Nivea now allowed its consumers to get a “healthy suntan” to reflect the changed ideals of beauty. After a difficult period during World War II, Beiersdorf started anew. In many countries, the Nivea trademarks were lost since they had been seized by the victorious nations. Soon after the war, Beiersdorf started buying back the trademarks. In 1963, it introduced innovative products like the world’s first “liquid cream,” Nivea Milk. With Nivea Men After Shave Balsam, Beiersdorf introduced in 1980 the first aftershave product that soothed the skin. By the 1990s, Nivea was the world’s leading skin care brand with a standardized global brand policy. It had expanded its product line into new areas, like makeup, men’s facial crème, and deodorants.

In only 10 years after standardizing its global brand policy, sales had quadrupled and Nivea became Beiersdorf’s largest brand. But not all product line extensions were successful and several of the company’s international ventures were failures. The purchase of C-Bons in 2007, China’s number two hair care brand, was a flop. Even in Western Europe, Nivea sales dropped for several years in a row. Nevertheless, Nivea continued its international expansion strategy with a series of local product adaptations while the brand appearance was standardized. In Asian countries, for example, facial products sold much better since they contained ingredients promoting a fair complexion whereas in the Middle East local fragrances like musk were used.

In 2011, Beiersdorf started to restructure Nivea’s product portfolio and brand appearance. Above all, Nivea’s current square logo was redesigned to resemble the classic Nivea logo. It now mirrors the famous tin packaging with a round blue logo with the brand name Nivea placed prominently in the middle. All Nivea products underwent these logo changes to reconnect the brand to its core product, Nivea crème. Tests showed that with the new logo Nivea’s visibility at the points of purchase had improved. In addition, the package design of most Nivea products was changed. For example, the cap of all body

lotion packages was reshaped. It is now tilted toward the user, and has a more inviting look and feel.

Nivea for Men was renamed Nivea Men to strengthen the brand’s position in the fast growing market for men’s cosmetics. Also, the product line of Nivea was rearranged. Several products and categories, that were less successful and not enough in sync with the brand’s slightly reshaped core values—trust, care, and closeness—were abandoned. All in all, the product portfolio was reduced by approximately 25 percent, especially in over-segmented categories like deodorants. Beauty was dropped as an additional core value of the brand that had been added in the 1990s. Consistently, makeup products were withdrawn from the product line. But the innovation process still continued. With In-Shower Body Moisturizer, Nivea introduced a highly innovative and successful product to be used on wet skin that is faster and more convenient to use than traditional body lotion.

Today, Nivea is one of the strongest face care brands. Around 30 percent of all women around the world use Nivea products. The global brand awareness for Nivea is 93 percent. Nivea is the market leader in the skin care segment in 46 countries, and has repeatedly been voted the Most Trusted Skin Care Brand by consumers in 12 European countries.

Questions

1. What were the key steps in maintaining Nivea’s leading position in the global facial care market?
2. Explain the connection between cultural norms and product choice. What is Nivea’s strategy in respecting cultural diversity while pursuing a global brand strategy?
3. Discuss Nivea’s future. What should Beiersdorf do next with its product line? Where is the future growth for the brand?

Sources: Gregor Kessler, “Neue Rezeptur,” *Capital*, October 18, 2012; Michael Brandtner, “Innovation & Branding,” *A3BOOM*, September 25, 2014; Frauke Schobelt, “Weltweit neues Design: Beiersdorf adelt die Dose,” *W&V*, January 15, 2013; Beiersdorf, www.beiersdorf.com; Nivea, www.nivea.com.