
Chapter 1. Key Vocabulary – Describing Products

You need to be able to talk about the different products (goods and services) sold by a given company to its target market. They can be classified into two groups, such as: Consumer Goods and Business Products.

Key Terms from Chapter 1 :

Consumer goods, also known as final goods, are those that are consumed by the customer and are not used to make other goods.

3 main types of consumer goods (based on durability). They are **durable goods** (that last longer than 3 years), **nondurable** goods (that last less than 3 years), and **pure services** (that are consumed instantly).

Other classification (based on end-user): There are 4 main types of consumer goods. They are **convenience goods, specialty goods, shopping goods, and unsought goods**.

Other Key terms:

brand n. a particular make of product - to brand v. - branded adj.
I've tried lots of other brands of shampoo, but this one's still my favourite.

consumer n. the person who buys and uses a product or service - to consume v.
Most consumers don't care where the products they buy come from.

cost v. [cost, costed, costed] to estimate the price of making a product - costing n.
Many inputs like labour and materials must be costed before a product's retail price is set.

distribution n. the delivering of products to end-users, incl. advertising, storing etc
Has your company ever handled distribution of luxury goods for a top international brand?

end-user n. the person, customer etc who is the final and actual (or "real") user of a product
If end-users aren't happy with the quality or price, they won't recommend it to their friends.

White goods and brown goods

White goods are large household appliances such as freezers, stoves (British: cookers), refrigerators, washing machines, and dishwashers.

Brown goods are relatively light electronic appliances such as radios, computers, game consoles, digital media players, and televisions. They are portable and semi-portable household electrical/electronic goods.

Product line:

A product line is a group of products that are closely related to function, customer group, market or price range

GOODS / PRODUCT CLASSIFICATION

A. CONSUMER GOODS/PRODUCTS

Any commodity that is produced or consumed by the *consumer* to satisfy current needs and wants

1. CONVENIENCE GOODS/PRODUCTS

It is frequently purchased and less expensive. E.g.: Candy, Ice-cream, Cold Drinks, Groceries, Medicines

2. SHOPPING GOODS/PRODUCTS

It is not purchased frequently and more expensive. E.g.: Dresses, Electronic Appliances and Items, Furnitures

3. SPECIALTY GOODS/PRODUCTS

Branded Products with Unique Features. E.g.: Luxury Items, Jewellery, Designer Branded Items

4. UNSOUGHT GOODS/PRODUCTS

Products which are unknown to consumers or consumer don't think about it. E.g.: Life Insurance, Fire Extinguisher

B. INDUSTRIAL GOODS/PRODUCTS

Industrial products are used as input (raw material or parts & components) by companies to produce *goods*

1. CAPITAL ITEMS

It is used in production process by companies to produce goods & services

a. INSTALLATION

E.g.: Machines, Cranes

b. EQUIPMENTS

E.g.: Fork Lift, PC, Hand Tools

2. MATERIALS & PARTS

It is used as actual parts of finished goods

a. RAW MATERIALS

I. NATURAL GOODS/PRODUCT

E.g.: Metals, Coal

II. FARM GOODS/PRODUCT

E.g.: Fruits, Grains

b. MANUFACTURED MATERIALS

I. COMPONENT PARTS

E.g.: Steel Casting

II. COMPONENT MATERIALS

E.g.: Glue, Paint, Fuel

3. SUPPLY & SERVICES

It is used for facilitating or managing finished goods

a. MAINTENANCE & REPAIR

E.g.: Paints, Brooms, Repair Tools

b. OPENING SUPPLIES

E.g.: Lubricants, Paints, Stationery

Assignment – Product Lines and Mix.

Template for an in-depth analysis of a company’s Product Mix.



The **WALT DISNEY** Company

Disney is the perfect example of **well-balanced Product mix**.

They started with Mickey, Donald Duck and their friends.

Today, Disney owns:

- Disney Classic Movies.
- Star Wars franchises.
- Pixar company, with:
 - Toy Story.
 - The Incredibles.
 - Cars, etc.
- Marvel franchises:
 - Avengers.
 - Iron-Man
 - etc, etc...
- 20th century Fox.
- Many other successful franchises.



They have a different product for everyone. And each product generates **different income sources**:

- Movie Theatre.
- Merchandising that is sold all around the world.
- Theme parks.
- Broadcasting licenses.
- Soundtracks.
- Toys
- etc...



For each Star-Wars official Merchandise sold, Disney is earning money, for example.

With all these income sources, Disney would have it difficult not to succeed. Moreover, they constantly start new projects; some of them are very successful while others aren't. For example: The “Han Solo” movie didn't succeed as expected, so they have already said that there won't be a second one.

Example 2: Louis Vuitton and Supreme Product mix example

Louis Vuitton is one of the most famous **luxury brands** in the world. Which problem faced Louis Vuitton? The young generations don't follow the traditional luxury trends. Certain styles are regarded as "old". Some young "rich" kids prefer extravagance rather than sobriety.

Gucci **launched** a successful "millennial"-oriented **Product line** with extravagant designs:



One of Gucci's new successful designs.

And, Louis Vuitton was **falling behind this new design trend**... until they started working with "Supreme". "Supreme" is a skateboarding clothes brand with a very **good market penetration** in the specific segment where Louis Vuitton was failing. The Millennial-alternative-not-traditional segment.

Both brands started to collaborate in both luxury yet casual products. The success was immediate.

LV learned what do these customers like. Moreover, they may become **loyal LV clients** someday. In this example you can appreciate how, no matter whether you are Louis Vuitton or any other successful giant company: you must always be worried about **approaching new clients**.



Your Task

We know that this is an extreme example of a huge company, but you can easily **find smaller companies that succeeded** because they had the right offer at the right time, close to you.
