Chapter 3

DESIGNING AND DISTRIBUTING SOCIAL PRODUCTS

Introduction

- A product is anything having the ability to satisfy human needs or wants. The test for whether the "thing" is, or is not a product lays in its exchangeability- its capability of being traded for some other commodity -for a price.

What is social Product?

- Social products .
- They are also called public products, or

merit goods.

They are products or services that are provided by the state for the benefit of all or for most of the population.

Categories of social products

- Kotler identified four categories of products, classified in terms of *long term benefits* and *immediate satisfaction.*


Immediate Satisfaction
High
Low
Long-Run Consumer Welfare
High
Low
Desirable Products
Salutary Products
Pleasing Products
Deficient Products

Deficient Products

- ***Deficient products***, are at the bottom because, which don't serve either of the goals Or which bring neither Short term benefit (immediate appeal) or long-run benefits. Example: Bad-tasting and ineffective medicine.
- Deficient products that does not produce short-run satisfaction or pleasure and also does not create long-run benefits to the customer or society.

- It is well accepted now, that the companies produce products which are not of the utmost quality intentionally. Such products are called deficient products.

- The companies do so, because they want to ensure that the customers buy their products again and again. If the product is of utmost quality, then the needs of the customer would be satisfied with the first purchase only. This would mean that there would be no repurchase, which would not be good for the company.

Pleasing products

- Pleasing products, which bring a high level of immediate satisfaction, but can cause harm to the society in the long run.
- These products have short run consumer benefits but high degree of immediate satisfaction/gratification. These products may hurt consumers in the long run. , but not ensure long term benefit or may hurt consumers in the long run.

❖ **Example: -** Cigarettes, junk food.

- Junk food is tasty which gives you immediate satisfaction but in the long run it is bad for your health. Fried chicken or fries can be an example in which people derive immediate gratification and see value for money but these foods might hurt the consumers in the long run through heart and other diseases.

Desirable Products

- Desirable products are at the top because they give both high immediate satisfaction and high long-run benefits. In between are pleasing products and salutary products. which combine long-run benefit and immediate satisfaction.
- Example: Tasty and nutritious breakfast food.

- This is a concept of societal marketing which says that the products should not just be made for profit, but for the benefit of consumers and the society as a whole.

- It propagates that a good product should have a two-fold aim:

1. To satisfy the consumers immediate requirements and provide satisfaction
2. To take care of the benefit of society in the long run

- The products that take care of both the objectives are called desirable products.
- For Example: Body shop products are called desirable products because they provide short term satisfaction and also help the society as they are associated with breast cancer foundations.

Salutary products

- Salutary products, which bring low short term satisfaction, but benefit the society on the long run.
- Salutary Products (which only provide long term benefit for the society).

- Salutary products have low appeal but may benefit consumers in the long run. It has a lot of benefits it can help the customer in different places although they may not be affective for the time being or at the time when it is bought, for this reason most of the people do not buy such product or there may be some sort of delay in buying such products.

- Examples are bicycle helmets, seat belts, certain kinds of insurance policies (think of health insurance -- you don't want to spend the money but you and the rest of the world are glad you did if you do fall ill)... Smoke alarms for your home, antivirus software and computer backup software.

- Kotler’s concept of societal marketing suggested that for the well-being of society, the deficient products should be eliminated from the market, pleasing and salutary products should go through a product modification process to reach the fourth category, by incorporating missing short term benefits into salutary products and long term benefits into pleasing products, and the companies’ ultimate goal should be to develop desirable products.

- This way, rather than focusing on selling a products, which can be good or bad for the consumers, the main focus is on consumer and society well-being.

- The marketing task is to measure the size of the potential market and develop effective goods and services that would satisfy the demand.

MARKET SEGMENTATION

- Segmentation is the process of dividing a mixed (heterogeneous) audience into smaller groups consisting of more similar (homogeneous) individuals, based on how they would likely respond to a particular marketing mix for those segments which includes developing messages and tailoring programs to meet their

- Segmenting target markets helps us to group those with commonalities as well as gain a better understanding their specific wants, needs, barriers and behaviors.

- Marketers in general choose their segmenting criteria from one or more of five general categories: demographic, geographic, physical/personal history, psychographics (related to beliefs and values), and behavior.

- The majority of these however fit within the four basic categories of variables:
- 1.Demographic Variables,
- 2.Geographic Variables,
- 3.Psychographic Variables, and
- 4.Behavioral Variables.
- **Demographic Variables**
- Demographic characteristics have to do with people's *vital statistics*, the sort of information you might get from census figures, your local town planning office, tax records, and other public documents.

- **Demographic characteristics**
- marketers commonly use in segmenting markets include age, gender, race, ethnicity, income, education, occupation, family size, family life cycle, religion, and social class.
- **Geographic Variables**

- This one's simple: it refers to where people live. Often, that's an important factor in reaching a targeted group.

- ***Geographic variables*** climate, city size, population density, and urban/rural areas also influence consumer product needs.
- ***Market density*** refers to the number of potential customers within a unit of land area, such as a square mile.

- **Psychographic Variables**
- Psychographic characteristics are those that fill out with people's lifestyles, beliefs, and values

- A psychographic variable can be used by itself to segment a market or combine with other types of segmentation variables.

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- The following are the types most commonly used to segment markets.
- Personality characteristics
- Motives (reasons for making purchase. e.g., Personal appearance, affiliation, status, safety, and health)
- Lifestyle segmentation

- Demographics may tell you about someone's income; psychographics tells you what s/he thinks.

- Some **psychographic characteristics** that might interest a social marketer:
- Values and moral system.
- Social attitudes (touching on such issues as welfare, abortion, homosexuality, etc.)
- Environmental awareness and attitudes.
- Health consciousness

- **Behavioral Variables**
- For a commercial marketer, behavior means behavior in relation to the product s/he's trying to sell: brand loyalty, how people decide to buy a certain product (its price, its quality, its reliability, its brand name), how they will use it, whether they have bought it before, how much they know about it, etc. and
- For a social marketer it is a desired behavior which results a benefit.
- Firms can divide a market according to some feature of consumer behavior toward a product, commonly involving some aspect of product use.

- How consumers use or apply the products may also determine segmentation.
- **Benefit segmentation** is the division of a market according to benefits that consumers want from the product.
- The **effectiveness** of benefit segmentation depends on three conditions:

1. The benefits sought must be identifiable (***identifiable benefit***).

2.Using these benefits, marketers must be able to divide people into recognizable segments (***identifiable segment***).

3.One or more of the resulting segments must be accessible to the organization’s marketing efforts (***accessible segment***).

- **E. Physical/Personal history.**
- This category includes the physical and medical characteristics and personal experiences that groups of individuals have in common that may influence their responses to social marketing.
- Some of these include:
- **Physical disability.**
- **Family history (including abuse, medical history, alcoholism, etc.)**
- **Risk factors for diseases or for social conditions (Abused children are more likely than others to become abusive parents, for instance.)**
- **Current physical and/or mental health status.**

- **Evaluating the Segments**
- The key to deciding which segmentation strategy (or strategies) to utilize is to identify which best guide the specifics of the product requirements.

- While there is some variation between marketing texts, the four requirements most commonly accepted as necessary for effective segmentation are:

- **Measurability:** Can we determine the size of the segments from available data?
- **Accessibility (or reachability):** Can we access and provide products/services this group?
- **Substantiality:** Is this segment large enough to be “profitable”-how many people, what percentage of population? (or segment size):
- **Action ability**: (including organizational capabilities): Can programs be designed to attract and service this segment? Can we, given our current staff and services, develop and implement activities for this market?

Segmentation Process

- Identify most relevant variables for segmentation
- Segment individuals
- Select target group(s)
- Select important secondary targets
  - – Gatekeepers, influencers

- **In summary, an effective segmentation program must ensure that:**

1. The segmentation criterion selected is appropriate for the particular product.
2. Individuals belonging to different segments are likely to react differently to one or more marketing policy instruments.
3. Those within a given segment demonstrate relatively homogenous behavior.

4. The number of segments formed is such that it is economically feasible to reach the most important target groups.

5. Segments should be accessible and reachable.

6. The newly identified segments should be addressed by modifying the product.

Targeting

- Targeting Criteria
  - Segment size
  - Potential/expected growth or decline
  - “Competition”
  - Cost of marketing
  - Fit with org resources/objectives

- **Addressing the Targeted Segments**
- As commercial marketers, social marketers usually see themselves as ***having three choices***, depending upon their needs and resources:
- **Undifferentiated Marketing:**
- Undifferentiated marketing is the practice of developing one message aimed in the same way at everyone you want to reach.
- In the early days of TV, particularly, most commercial campaigns were run this way.

- The **<u>disadvantages</u>** of an undifferentiated campaign lie in trying to create a message and presentation that will speak to everyone on some level-*One Size Fits All*!
- **Differentiated Marketing:**
  - Differentiated marketing can be very expensive, both in time and effort and in money.
  - In addition to the energy needed to create a different message and presentation for each segment, there are the costs of producing and distributing all these different messages.

- Even if the campaign is a local one, involving mostly volunteer labor and ideas, it will require a serious investment of resources.

- On the other hand, differentiated marketing, if done well, can be extremely effective at reaching exactly the groups you want to reach, and motivating them to make the changes you are working toward.

- **Concentrated Marketing:**
- Deciding whom to target in a concentrated campaign depends upon what the goal is.
- If you're trying to change perceptions in the community, you might target those who are **most influential**.
- If you're trying to deal with the spread of a problem, you might want to target those who are most ready and most likely to change their behavior as a result of the campaign.

- Concentrated marketing has the disadvantage of ignoring many segments that may be affected by the issue or may be helpful in bringing about the desired changes in the community.
- It chooses to cover one small piece of the total market extremely well, but at the expense of ignoring a large portion of the community.

Product Positioning

- **Social Marketing Positioning**
- Positioning is about creating a personality for an offering based on its key attributes.
- A well-positioned offering holds a unique place, or niche, in the consumer’s mind.
- For example, imagine a consumer considering the purchase of an over-the-counter

- One medication is designed to be and is promoted as “***strong on pain, but soft on your stomach***.”
- Positioning refers to the psychological "image" of the product.
- For instance, the promotion of a low fat diet can be "Positioned" as a healthy way to a "slimmer" body, or, away to reduce the chances of getting health disease or certain types of cancer.

THANK YOU