

Controllable Variables

PRODUCT CLASSIFICATION

Consumer Product

Business Product

Controllable Variables

PRODUCT CLASSIFICATION

Consumer Product

A product bought to satisfy personal and family needs. There are three categories of consumer products.

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PRODUCT CLASSIFICATION

Consumer Product

These groupings are based primarily on characteristics of buyer's purchasing behavior

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PRODUCT CLASSIFICATION- Consumer Products

- **Convenience Products**
- **Shopping Products**
- **Specialty Products**

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Convenience Products

Is a relatively inexpensive, frequently purchased item for which buyers want to exert only minimal effort.

The buyer spends little time in planning the purchase of a convenience item or in comparing available brands or sellers.

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Convenience Products

Examples of convenience products are :

- **Bread**
- **Gasoline**
- **Newspapers**
- **Chewing Gum**
- **Soft Drinks**

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Shopping Products

Is an item for which buyers are willing to expend considerable effort on planning and making the purchase.

Buyers allocate ample time for comparing stores and brands with respect to prices, product features, qualities, services, and warranties.

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Shopping Products

Examples of shopping products are :

- **Appliances**
- **Furniture**
- **Men's Suits**
- **Bicycles**
- **Cellular Phones**

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Shopping Products

These products are expected to last for a fairly long time and thus are purchased less frequently than convenience items

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Specialty Products

It possesses one or more unique qualities for which a buyer is willing to expend considerable purchasing effort.

Buyers actually know what they want and will not accept a substitute.

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Specialty Products

In searching for specialty products, purchasers do not compare alternatives

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Specialty Products

Examples of specialty products are :

- **Unique Sports Cars**
- **Rare imported wine**
- **Specific type of antique china**
- **Special handcrafted furniture**

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PRODUCT CLASSIFICATION

Business Product

A product bought for resale, for making other products, or for use in a firm's operation

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PRODUCT CLASSIFICATION- Business Products

- **Raw Materials**
- **Major Equipment**
- **Accessory Equipment**
- **Component Part**

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PRODUCT CLASSIFICATION- Business Products

- **Process Material**

- **Supply**

- **Business Service**

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Raw Materials

Is a basic material that actually becomes part of a physical product.

It usually comes from mines, forests, oceans, or recycled solid wastes.

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Raw Materials

Raw materials usually are bought and sold according to grades or specification.

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Raw Materials

Examples of Raw Materials are :

- **Gravel**
- **Trees**
- **Aluminum**
- **Wood**
- **Copper**

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Major Equipment

Includes large tools and machines used for production purposes.

Some major equipment is custom-made for a particular organization, but other items are standardized products that perform one or several tasks for many types of organizations.

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Major Equipment

Examples of Major Equipment are :

- **Cranes**
- **Bulldozers**
- **Furnaces**
- **Dump Truck**

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Accessory Equipment

Is standardized equipment used in a firm's production or office activities.

Compared with major equipment, accessory items are usually much less expensive and are purchased routinely with less thought.

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Accessory Equipment

Examples of Accessory Equipment are :

- **Hand tools**
- **Computers**
- **Calculators**

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Component Part

Is part of a physical product and is either a finished item ready for assembly or a product that needs little processing before assembly.

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Component Part

Examples of Component Parts are :

- **Tires**
- **Computer chips**
- **Switches**

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Process Material

Is used directly in the production of another product.

Unlike a component part, a process material is not readily identified in a finished product.

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Process Material

Like component parts, process materials are purchased according to industry standards.

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Process Material

Examples of Process Material are :

- Food Preservatives**
- Industrial Glue**

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Supply

Facilitates production and operations, but it does not become part of the finished product.

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Supply

Examples of Supply are :

- **Paper**
- **Pencil**
- **Oil**
- **Cleaning Agents**

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Business Service

An intangible product that an organization uses in its operations.

Purchasers must decide if they want to do their own services or to hire them from outside the organization.

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Business Service

Examples of Business Services are :

- **Financial**
- **Rubbish**
- **Marketing/Advertising**
- **Janitorial**
- **Legal**