

Funding My Startup

Module 5: Product Strategy + The Customer Experience

Module 5 Overview + Checklist

Module Overview

People don't just buy products—they buy outcomes, feelings, and solutions. A “product” can be a physical item, a service, an event, an app, or even an experience like a campus program. In Module 5, you'll learn how marketers design offerings that match customer needs and how product decisions (features, quality, packaging, support, and service) shape perceived value.

A key idea in this module: **your product is not what you sell—it's what the customer experiences.** If that experience feels confusing, inconvenient, stressful, or inconsistent, customers will choose another option even if your core offering is strong.

Learning Objectives

By the end of this module, you will be able to:

- Explain what a “product” means in marketing (goods, services, ideas, experiences)
- Describe the three levels of a product (core benefit, actual product, augmented product)
- Identify how the customer experience creates value (or friction)
- Explain how product choices support positioning and differentiation
- Evaluate an offering based on customer outcomes and costs (time/effort/risk)

ESTIMATED TIME

Total: 45–75 minutes

- Reading: 45–60 minutes

MODULE TO-DO LIST

1. Read: Module 5 Reading (Part A, Part B, Part C)

- Mini-lecture: 12–18 minutes (if assigned)

2. Watch: Mini-lecture — You're Selling an Outcome (if assigned)

Key Terms

Product (goods/services/experiences)

Core benefit / actual product / augmented product

Customer experience

Features vs benefits

Product mix (intro)

Friction points

Perceived risk

Module 5 Reading — Part A

A Product Is More Than a Thing

Estimated time: 18–22 minutes

In marketing, “product” doesn’t only mean a physical item. A product can be:

- a good (shoes, phone, snacks)
- a service (haircut, tutoring, delivery)
- an experience (a concert, campus event, escape room)
- an idea (public health campaigns, voting drives)

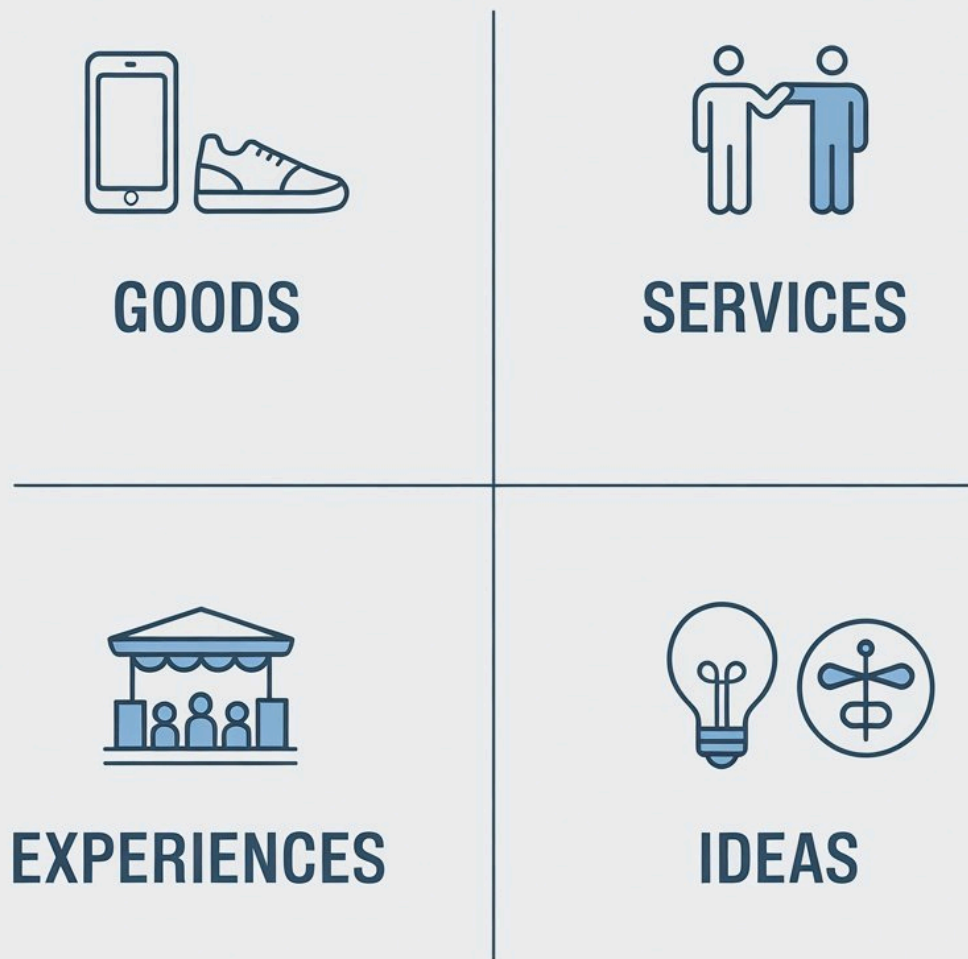


Figure 1: The Four Types of Products in Marketing

The most important shift is this: **customers don't buy the product itself—they buy the benefit.** Even when the product is tangible, what customers really want is the result.

Example: What students are really buying

Energy drink → alertness and focus

Gym membership → confidence and stress relief

Tutoring → better grades and less anxiety

Pizza delivery → convenience and comfort

A useful way to think about value is this:

Value = Benefits – Costs

And costs include more than money. They include:

- time
- effort
- stress
- uncertainty
- risk (“What if it doesn’t work?”)

Marketing Education

VALUE =

BENEFITS = COSTS

📦 Benefits	💰 Money
👤 Outcoions,	⌚ Time
✅ Solutions	≡ Effort
— Feelings	🌀 Stress
👤 Convenience	📄 Uncerainty Risk

Figure 2: The Value Equation - Benefits Minus Costs

Story: The campus event that didn't feel worth it

A student organization launches a **movie night** in a campus auditorium. The posters look great: big title, cool visuals, and “FREE EVENT” in bold letters. The first movie night is a success. The room is packed. People laugh, take pictures, and tell their friends.

The leadership team feels confident: *“We nailed it. The product is strong. It’s a free movie night. People love movies.”* So they run it again the next month... and turnout drops.

At first they blame promotion: *“Maybe people didn’t see the posters.”* *“Maybe the movie choice wasn’t as popular.”*

But when they listen to students, they hear a different story.

A student named Jordan explains it like this: *“I liked it, but last time was kind of a mess. We waited forever for snacks, then couldn’t find seats, and the movie started late.”*

Another student adds: *“The sound was bad. We couldn’t hear half the dialogue.”*

The movie itself didn’t change. But the **experience** did:

- the line for snacks was long
- audio quality was bad
- there weren’t enough seats
- the start time was unclear
- the check-in process was chaotic

For students, the cost increased (more time, more frustration) while the value dropped. So students made a simple decision: “Not worth it this time.”

That’s product strategy. The “product” wasn’t just the movie—it was the entire experience of attending.

Key Idea from Part A

A product is a bundle of:

- what it is
- how it works
- how it feels to use
- how easy it is to access

- how much confidence the customer has that it will deliver

Module 5 Reading — Part B

The Three Levels of a Product (Core, Actual, Augmented)

Estimated time: 18–22 minutes

Marketers often break products into three levels:

1) Core benefit (the real reason people buy)

This is the outcome customers actually want: comfort, convenience, confidence, fun, safety, status, relief.

Important: Customers rarely describe this as “core benefit.” They describe it as: *“I just need this to be easy”* or *“I want something that works.”*

2) Actual product (what the customer receives)

This includes: features, design, quality, packaging, branding. This is the “thing” people typically picture when they hear the word product.

3) Augmented product (extra value around the product)

This includes: support and service, warranties/guarantees, easy setup, delivery/pickup, reminders, loyalty perks.

The augmented product often becomes the differentiator—especially when competitors offer similar “actual products.”

Example: Tutoring Center (3 Levels)

Core:

confidence + improved performance

Actual:

tutoring sessions with peer tutors

Augmented:

easy booking, reminders, welcoming environment, review sheets

A student doesn't just want tutoring. They want to understand the material and get through the course without feeling judged or wasting time figuring out how to book.

Mini Case: Same service, different experience (expanded)

Two tutoring programs offer similar academic support. Both have qualified tutors. Both are free. Both cover the same subjects. But one is always busy and the other is nearly empty.

Program A (Busy Program)

Students describe it as: *"It's easy."* Why?

- easy online booking (2 minutes or less)
- same-day sessions available
- clear description of what happens in tutoring
- friendly check-in ("You're in the right place—here's what to do")
- follow-up resources after the session

Students feel confident walking in because they know what to expect.

Program B (Empty Program)

Students describe it as: *"It's a hassle."* Why?

- confusing booking system
- unclear expectations (Do I bring homework?)
- intimidating environment
- long waits with no updates
- no reminders → students forget

Both programs provide tutoring, but Program A offers a stronger **augmented product**: clarity, ease, confidence, and reduced friction. That's why it's busy.

Program A vs. Program B: Same Service, Different Experience	
Program A - Busy	Program B - Empty
<ul style="list-style-type: none">✔ Easy booking<ul style="list-style-type: none">✔ Same-day available✔ Clear expectations✔ Clear expectations✔ Friendly check-in✔ Follow-up resources✔ Simple rebooking	<ul style="list-style-type: none">✘ Confusing booking<ul style="list-style-type: none">✔ Unclear expectations✔ Intimidating environment• Long waits✔ No reminders• No easy return

Figure 4: Program A vs B - How Augmented Product Creates Differentiation

Key Idea from Part B

Often, customers choose between two options that look similar on paper. The winner is usually the one that reduces: effort, uncertainty, embarrassment, and time costs.

Features vs Benefits (and why customers ignore features)

Estimated time: 18–22 minutes

A **feature** is what something has. A **benefit** is what that feature does for the customer. Customers don't get excited about features unless they understand the benefit quickly.

Example: Laptop

Feature: 12-hour battery

Benefit: you can get through classes without searching for outlets

Example: Smoothie Shop

Feature: 30 add-ins

Benefit: customize for workout recovery

But too many add-ins can become friction: decision fatigue and slower lines.

FEATURES

(what it has)



12-hour battery



30 add-ins

BENEFITS

(what it does for customer)



Get through classes without searching for outlets,



Customize for workout recovery

Features that create friction can reduce value

Figure 5: Features vs Benefits - Connecting Product Attributes to Customer Value

Big idea: A feature that creates friction can reduce value.

Story: The “too many features” app problem

A campus wellness app launches with a good mission: help students manage stress. The development team wants it to feel “complete,” so they pack in features: journaling, mood tracking, breathing tools, goal setting, reminders, community feed, playlists.

On paper, it looks impressive. But after a few weeks, the app’s usage drops.

Students don’t say: “*This app is missing features.*”

They say: “*I don’t know what to do first.*” or “*It feels like homework.*”

Here's what's happening: the app is creating **decision fatigue**. When students are stressed, they don't want to explore. They want relief fast.

A student named Cam explains it: *"When I'm overwhelmed, I don't want seven options. I want one button that helps."*

So the team redesigns the experience around the core benefit: **"Help me feel calmer in 60 seconds."** They add a "Start Here" button that immediately launches a 60-second breathing tool. Usage improves because the product now matches how customers behave in real life.

Key Idea from Part C

Customers often choose the product that:

- feels easiest to start
- delivers value fastest
- reduces risk and uncertainty
- creates confidence quickly

More features don't automatically mean more value. Sometimes they add costs.

Key Takeaways

- Products are bundles of outcomes, experiences, and support—not just items.
- The augmented product (service and ease) can be a major differentiator.
- Features only matter when connected to benefits customers care about.
- Friction kills value—especially when customers are busy or stressed.