

## **PRODUCT / SERVICE MANAGEMENT** *Principles of Marketing*

### **Project 1 :: Don't Be Such An Oxymoron**

#### **So What?**

- Why learn about product/service?
  - Think about the last product you purchased
    - New game for the Nintendo Wii?
    - An oil change for your car?
    - A candy bar on your way out of a store?
  - Have you ever thought about who is responsible for those products and what might their jobs entail?
  - Managing products and services effectively is vital to the success of any business or organization.
    - Products just don't appear overnight—
      - Chick-fil-A, a regional fast-food restaurant, spent six years developing a chicken sandwich that costs less than \$4.
      - The polio vaccine took over 10 years to develop.
      - Google's search engine took over three years to develop.
  - And that's just describes the *beginning* of a product's life!
  - Products also must be well managed through the stages of growth, maturity, and decline.

#### **What is Product/Service Management?**

- A marketing function that involves obtaining, developing, maintaining, and improving a product or service mix in response to market opportunities.
  - A **product** can be either a good or a service.
  - A **good** is a tangible object that can be manufactured and produced for resale, along with its associated benefits.
  - A service is an intangible activity performed by other people in exchange for payment.
    - Product-related service – attached to some sort of tangible good (cell phone and unlimited txt)
    - Pure service – not attached to any tangible good (bank and insurance companies)
- Every business participates in product/service management!

#### **Product/Service Management Activities**

- Discovering new product opportunities
- Developing marketing plans/strategies for products
- Coordinating product mix
- Sustaining successful products as long as possible
- Reassessing products that are not meeting expectations
- Eliminating products that have become liabilities

### **Factors Affecting Product/Service Management**

- Customer needs and wants
- Company goals and strategies
- Costs and available resources
- Competition
- The product itself
- Government regulations stage in the product life cycle
- Business and economic trends

### **Benefits of Successful Product/Service Management**

- Improved sales and profits
- Improved market share and competitiveness
- New customers
- Less exposure to financial risk

### **Phases of Product/Service Management**

- Elimination of weak products
  - Also called product discontinuation
  - Weak products = have declining sales/profitability
  - Some dropped immediately; others withdrawn over a period of time
  - Must be done carefully for customer goodwill

### **Who Performs Product/Service Management**

- In big companies, may be a department
- In small businesses, may be manager or owner
- Different departments or employees may oversee different parts of the process

### **Phases of Product/Service Management**

- New product development
  - New products
    - Never offered before
    - Modified
    - Presented or distributed differently
  - Ways businesses obtain new products
    - Purchase them
    - License them
    - Acquire a new company
    - Develop them internally
- Steps for internal product development
  - Generate ideas
  - Screen ideas
  - Test product concept
  - Conduct business/feasibility analysis
  - Develop product

- Test market product
- Commercialize product

### **Role of Product/Service Management in Marketing**

- Affects positioning
- Improves product success
- Gives product an image