Product & Service

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Key Definitions

- **Product**: Anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need.

- **Service**: Any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything.

- **Three levels of a product**
  - **Core Benefit**
  - **Actual Product**: (Brand name, quality level, packaging, design, features)
  - **Augmented Product**: (Delivery & credit, installation, warranty, after sales service)
Product & Service Classification

- Consumer Product - Product bought by final consumer for personal consumption
  - Convenience Product - Consumer product that the customer usually buys frequently, immediately, and with a minimum of comparing and buying effort
  - Shopping Product - Consumer good that the customer, in the process of selection and purchase, characteristically compares on such bases as suitability, quality, price and style
  - Specialty Product - Consumer product with unique characteristics or brand identification for which significant group of buyers is willing to make a special purchase effort
  - Unsought Product - Consumer product that the consumer either does not know about or know about but does not normally think of buying

- Industrial Product - Product bought by individuals and organizations for further processing or for use in conducting a business

- Organizations, persons, places and ideas
Social Marketing

- The use of commercial marketing concepts and tools in programs designed to influence individuals’ behavior to improve their well being and that of society.
Individual Product & Service Decisions will depend on

- The product attributes
- Branding
- Packaging
- Labeling
- Product support service
The product attributes

- The product quality - The characteristic of a product or service that bear on its ability to satisfy stated or implied customer needs
- Product features
- Product style and design
Branding

- Branding - A name, term, symbol or design, or a combination of these that identifies the product or service of one seller or group of sellers and differentiates them from those of competitors
- Brand equity - The positive differential effect that knowing the brand name has on customer response to the product or service
Packaging, labeling and Product support service

- Packaging - The activities of designing and producing the container or wrapper for a product
- Labeling - Labels range from simple tags attached to products to complex graphics that are part of the package. At the very least, the label identifies the product or brand. It may describe several things about the product.
- Support services - Services that augment actual product
Nature of services

- Intangibility
- Inseparability
- Perishability
- Client Based Relationship
- Customer Contact
Intangibility

- A service is not physical and cannot be touched
- Most services are experienced during or after consumption not before

Canned foods  Ready-made clothes  Automobiles  Draperies, Carpets  Restaurant meals  Repairs: auto, house, landscaping  Air travel  Insurance, Consulting, Teaching

MOSTLY GOODS  MOSTLY SERVICES
Intangibility

- **Problems**
  - Service provider
    - Demonstrate service quality before consumption
  - Customer
    - To evaluate service quality before consumption

- **Solutions**
  - Brand reputation
  - Appearance of premises
  - Price charged
  - Length of establishment
  - Customer referrals
  - Focus on benefits / end result
Variability

● Service quality varies and depends on
  ● WHO the provider is
  ● WHEN the service is provided
  ● and to WHOM (the customer)

● Depends on degree of labor intensiveness
Variability

**Problems**
- Service provider
  - Assure service quality in advance
- Customer
  - Determine service quality in advance

**Solutions**
- Regular customer feedback
- Staff training
- Standardize operation
- Mechanization of services
Perishability

- Services cannot be stored.
- They are produced and consumed at the same time.
Perishability

- **Problems**
  - Unused service (supply > demand) is a irrecoverable cost
  - Under service (demand > supply) is a lost customer (income)

- **Solutions**
  - Change supply: flexible staffing and capacity, mechanization, multiple services
  - Change demand – flexible pricing, reservation / booking, cultivate low demand
Services provided

- Professional – Engineers, Accountants, Lawyers
- Health Care – Doctors, Dentists
- Personal care – Hair dressers, Beauticians
- Education – Universities, Tutors
- Communication – Telephones,
- Financial – Banks, Insurance companies
- Travel and tourism – Airlines, Buses
- Hospitality – Hotels and Restaurants
- Entertainment – Cinemas, Clubs and Pubs