

Ind. 4.03 – Acquire a foundational knowledge of product/service management to understand its scope and nature.

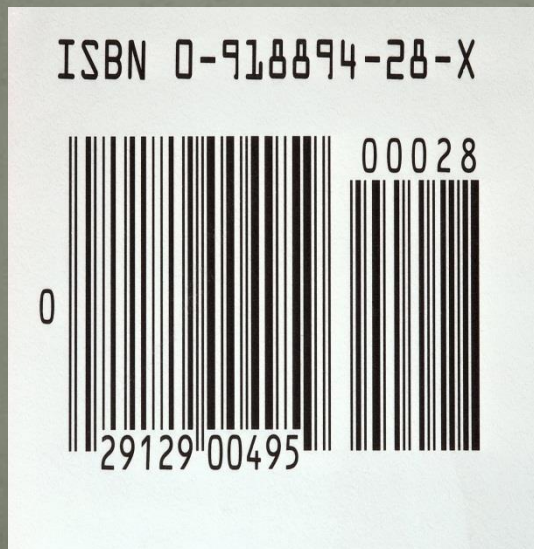
ENTREPRENEURSHIP I

So What.....

- Think about the last product you purchased.... Have you ever thought about who's responsible for those products and what their job duties entail?
- Managing products & services effectively is vital to the success of any business! Products just don't appear on the market overnight...
 - Chick-fil-A spent 6 years developing a chicken sandwich that costs less than \$4
 - The Polio vaccine took over 10 years to develop
 - Google took over 3 years to develop
 - Those examples are just the beginning of the products life, products must be managed throughout their life!

Product/Service Management

- Product/service management is a marketing function that involves obtaining, developing, maintaining, and improving a product or service mix in response to market opportunities.



Products

Products can be either a good or a service.....

- Goods are tangible objects that can be manufactured & produced for resale, along with its associated benefits.



Products

Products can be either a good or a service.....

- Services are intangible activities performed by other people in exchange for payment along, along with its associated benefits.



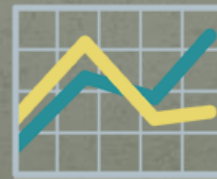
- Two types :
 - Product-related: the service is attached to some sort of tangible good (ie. Cell phone & service)
 - Pure: the service is not attached to any tangible good
 - The service itself is the business's primary product (i.e banks)

Every business participates in product/service management, whether its employees realize it or not!

- In a big company, an entire product/service management department may exist, but even in a small business, the owner or manager is constantly making decisions about what to offer to customers in the product/service mix, throughout the products' life cycle.
- Product/service management involves many activities, such as:
 - Discovering new-product opportunities
 - Developing marketing plans and strategies for products
 - Coordinating the product mix
 - Sustaining successful products as long as possible
 - Reassessing products that are not meeting expectations
 - Eliminating products that have become liabilities

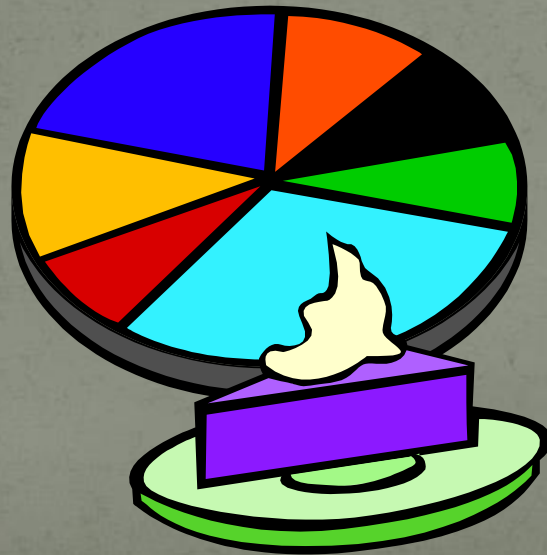
Factors that affect Product/Service Management

- Customer needs and wants
- Company goals and strategies
- Costs and available resources
- Competition
- The product itself
- Government regulations
- Stage in the product life cycle (introduction, growth, maturity, and decline)
- 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



Role of Product/Service Management in Marketing

- Positioning – the strategy in which a business creates a certain image or impression of a product in the mind of the customer
- Improves Success
- Gives the product an image
 - A corporate brand is all of the combined impressions & experiences associated with a company

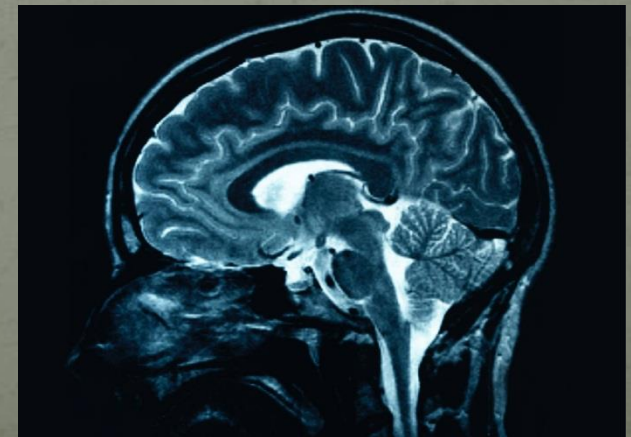


Image Activity

Write the first image or thought that comes to mind for each product.

Phases of Product/Service Management

1) Develop New Products

- New products are those that have never been offered before, modified, or presented or distributed differently
- Some ways businesses obtain new products is to purchase them, license them, acquire a new company, or develop them internally
- Steps for internal development:
 - Generate idea
 - Screen ideas
 - Test product concept (Prototype)
 - Conduct feasibility analysis
 - Develop product
 - Test Market (introducing the product to a limited market)
 - Commercialize the product

Phases of Product/Service Management

2) Monitor Existing Products

- Existing products are those goods and services already on the market
- They are monitored for sales, profit, market share, and how well they are meeting goals and expectations
- Possible decisions that can be made: keep it as is, modify, reposition (change marketing strategy), or eliminate



Phases of Product/Service Management

3) Eliminate Weak Products (aka Product Discontinuation)

- Weak products are those with declining sales/profitability
- Some products can be dropped immediately while others need to be withdrawn over a period of time to allow customers to find replacements and maintain good will

