Croeso | Welcome to ABS A Level Business Lecture Series
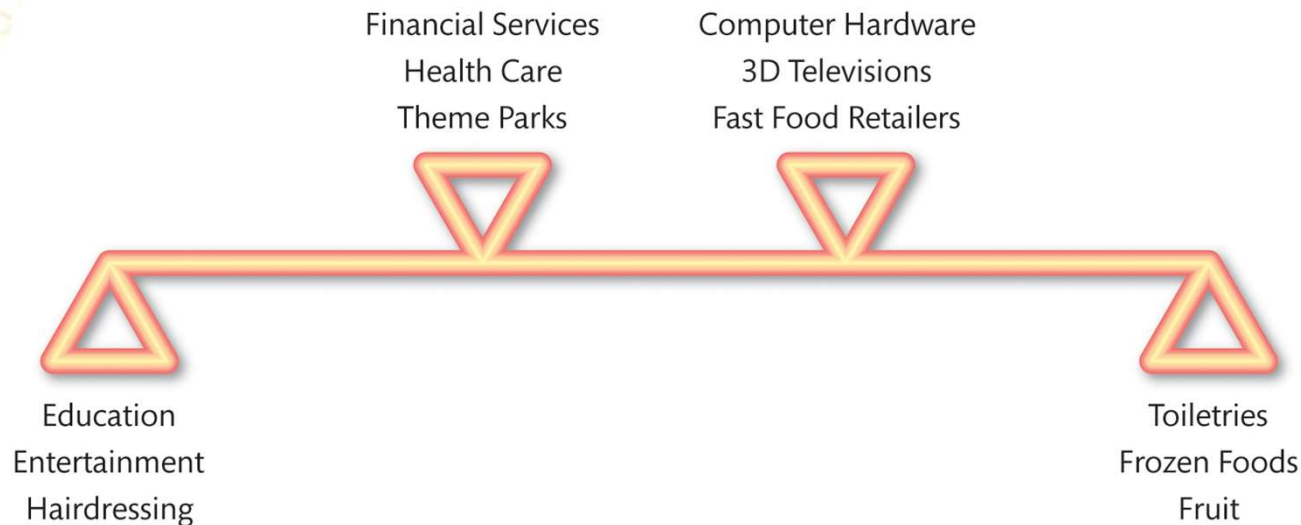
Products

- Content to support **Level 3 Business Qualifications**

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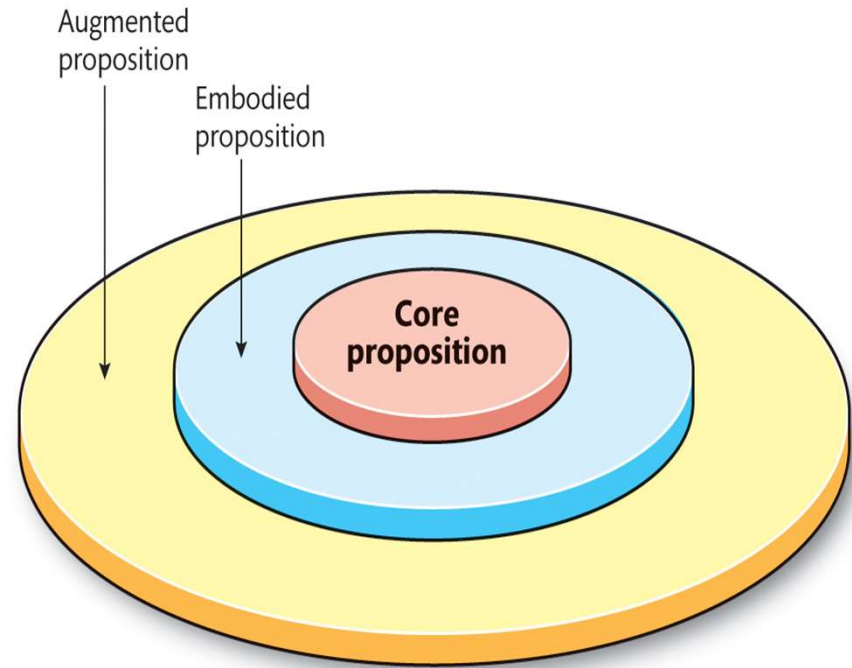
Learning Outcomes

- Understand the variables around products and services, including classification

- Understand the product life cycle, new product development process and diffusion of innovation

What is a Product?

- The concept of 'product' (proposition) is defined broadly as:

    "anything that can be offered for use and consumption, in exchange for money or some other form of value."

- Products can range from tangible to intangible (to experiential)

Financial Services
Health Care
Theme Parks

Computer Hardware
3D Televisions
Fast Food Retailers

Education
Entertainment
Hairdressing

Toiletries
Frozen Foods
Fruit

Product Levels

Augmented proposition

Embodied proposition

Core proposition

1. The Core Product

– Emotional or Functional benefit

2. The Embodied Product

- Physical good or delivered service
- Features, capabilities, packaging and brand name.

3. The Augmented Proposition

- Embodied product + all other factors necessary to support the proposition

Classifying Products (Consumer)

Products in terms of Durability

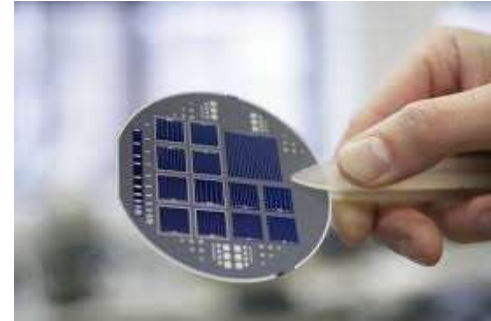- Durable vs Non-Durable Goods

Products in terms of Consumer Behaviour

- Convenience products
    - Staple, Impulse or Emergency
- Shopping products
- Speciality products
- Unsought products

Classifying Products (Business)

- Equipment goods

- Raw materials

- Semi-finished goods e.g. metal sheets

- Maintenance, Repair and Operating (MRO) goods

- Component parts

- Business services

This is content that we test in the…

- *Aberystwyth University Entrance Exam*
- Successfully complete an exam (there are multiple points in the year and you can take it in the subject you are best at) and earn yourself an unconditional or reduced offer for the Business School
  - More details here (use short link): https://www.aber.ac.uk/en/undergrad/before-you-apply/scholarships/entrance-scholarships-merit-awards/
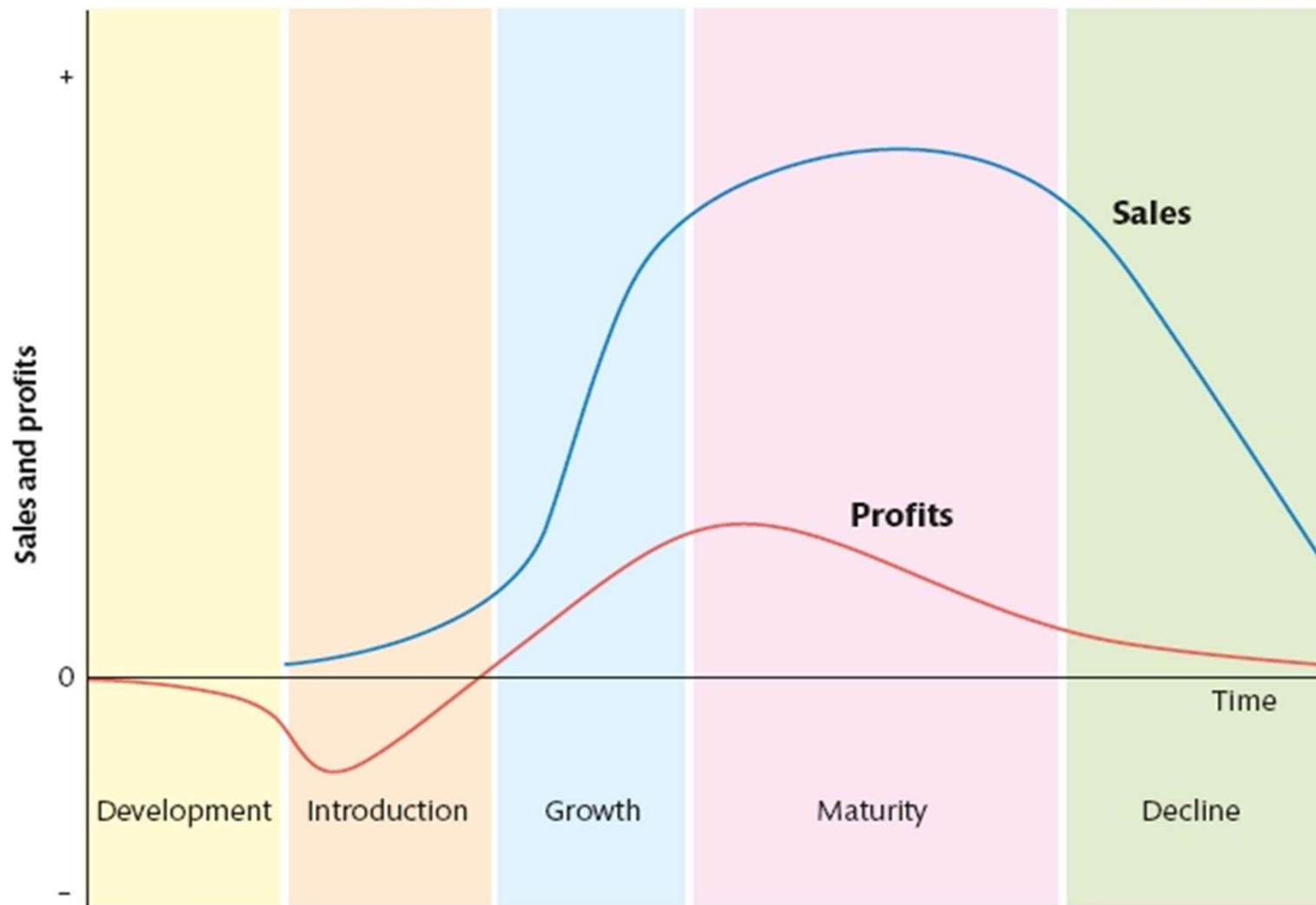
Product Range, Line and Mix

Table 8.2 Product range terminology

Product term	Explanation
Product item	A distinct single product within a product line. Samsung's Galaxy S4 is a product item.
Product line	A group of closely related products—related through technical, marketing, or user considerations. For example, all the televisions offered by Samsung constitute a product line.
Product mix	The total number of product lines offered by an organization. At Samsung this would mean all the mobile devices, televisions, print solutions, domestic appliances, cameras, and accessories they offer.
Product line length	The number of products available in a product line: the 12 products available within the Samsung 'tablet' range.
Product line depth	The number of variations available within a product line. For example, if a brand of hair colourant has three pack sizes and five shades of hair colouring, that particular brand of hair care has a depth of 15.
Product mix width	The number of product lines within a product mix.

The Product Lifecycle

The Product Lifecycle

Advantages

Useful in explaining broad path a product or brand has taken

In *theory*, allows managers to adapt strategies to meet needs of evolving conditions

Clear, simple and predictable

Generally helpful in explaining how brands or products develop

Disadvantages

Of limited practical use

Identifying which stage a product is at in the lifecycle is problematic

Of limited use in dynamic, changeable environments

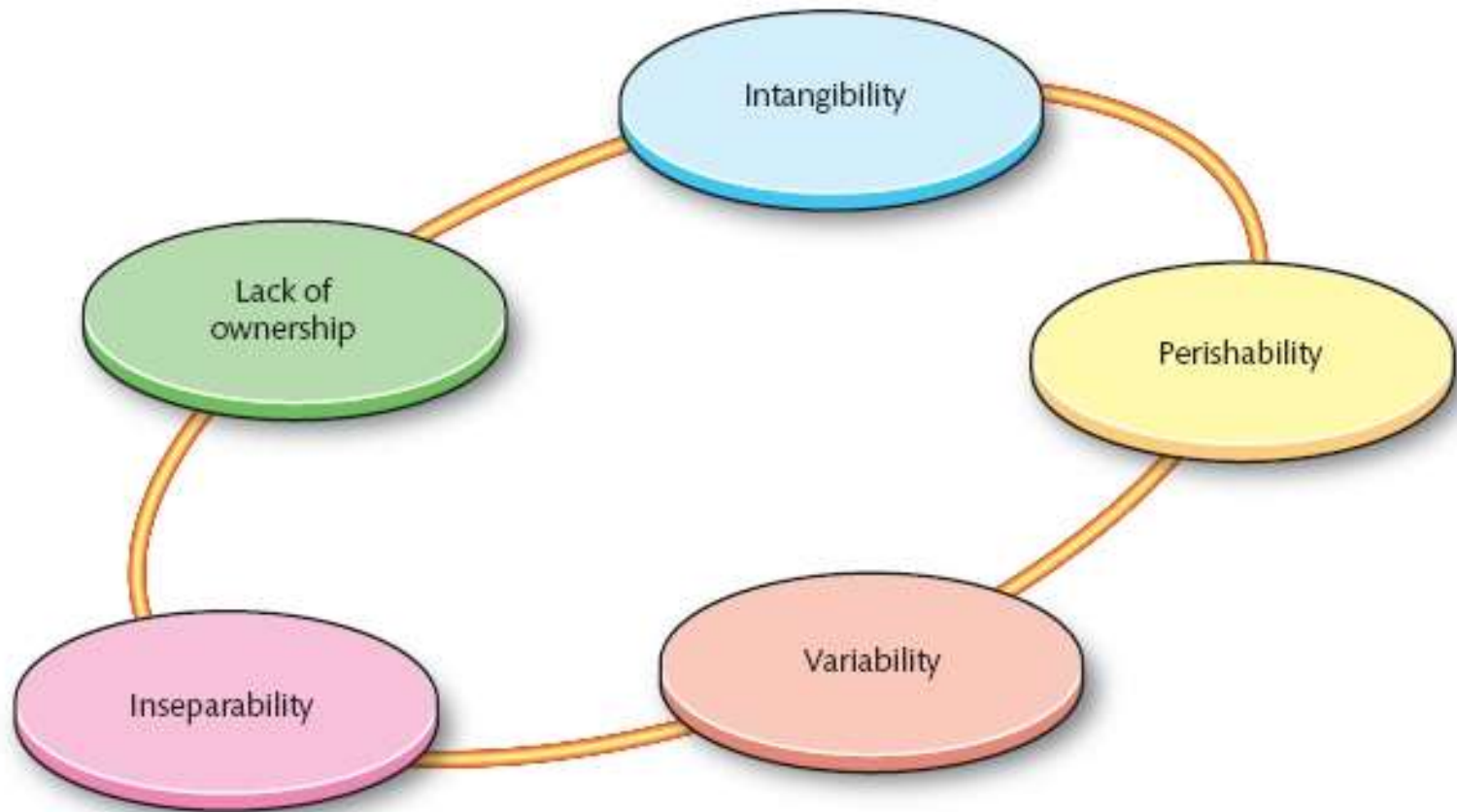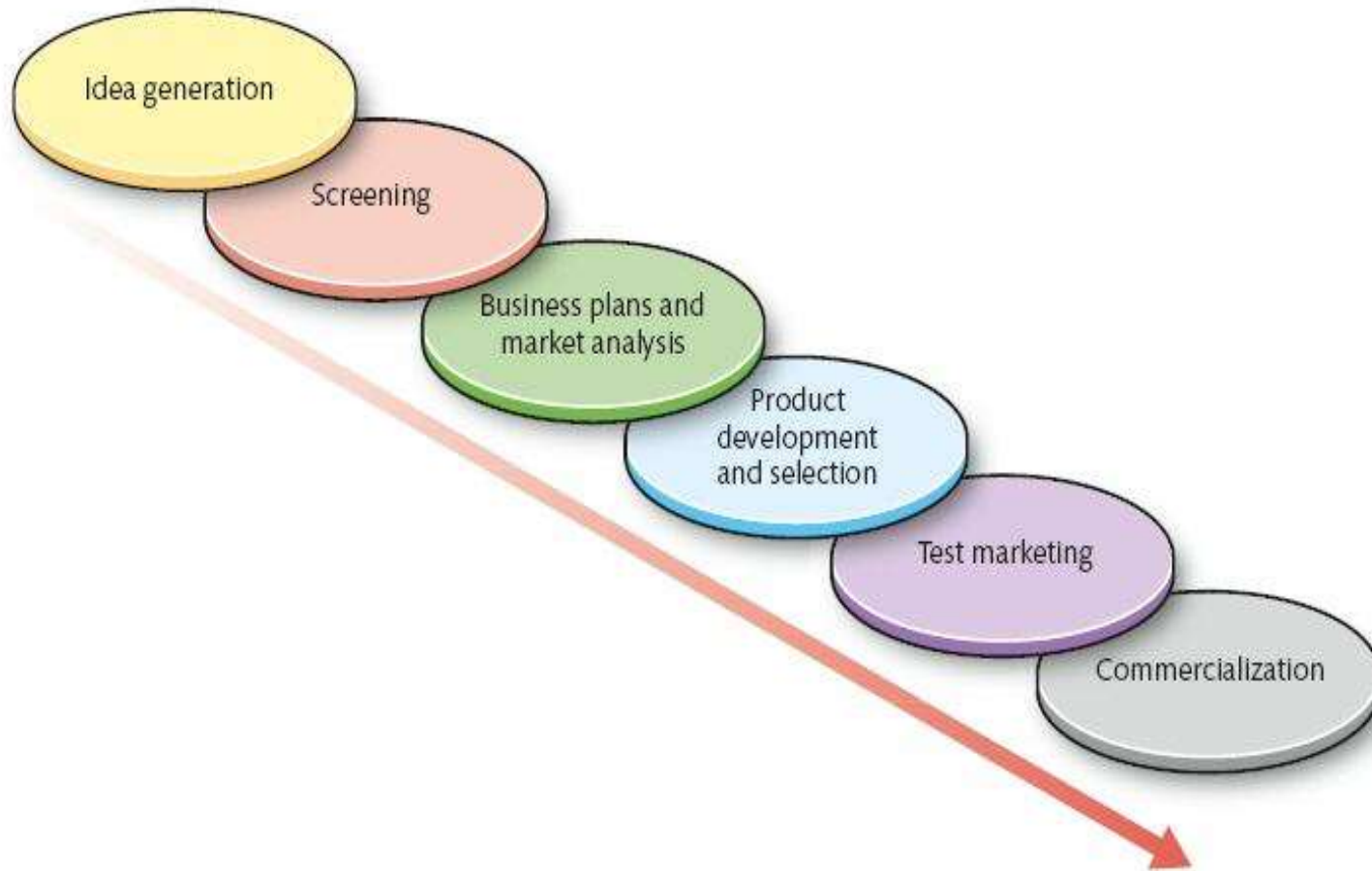Some brands or products do not follow classic S-shape curve

Services

Figure 8.4

The five core characteristics of services

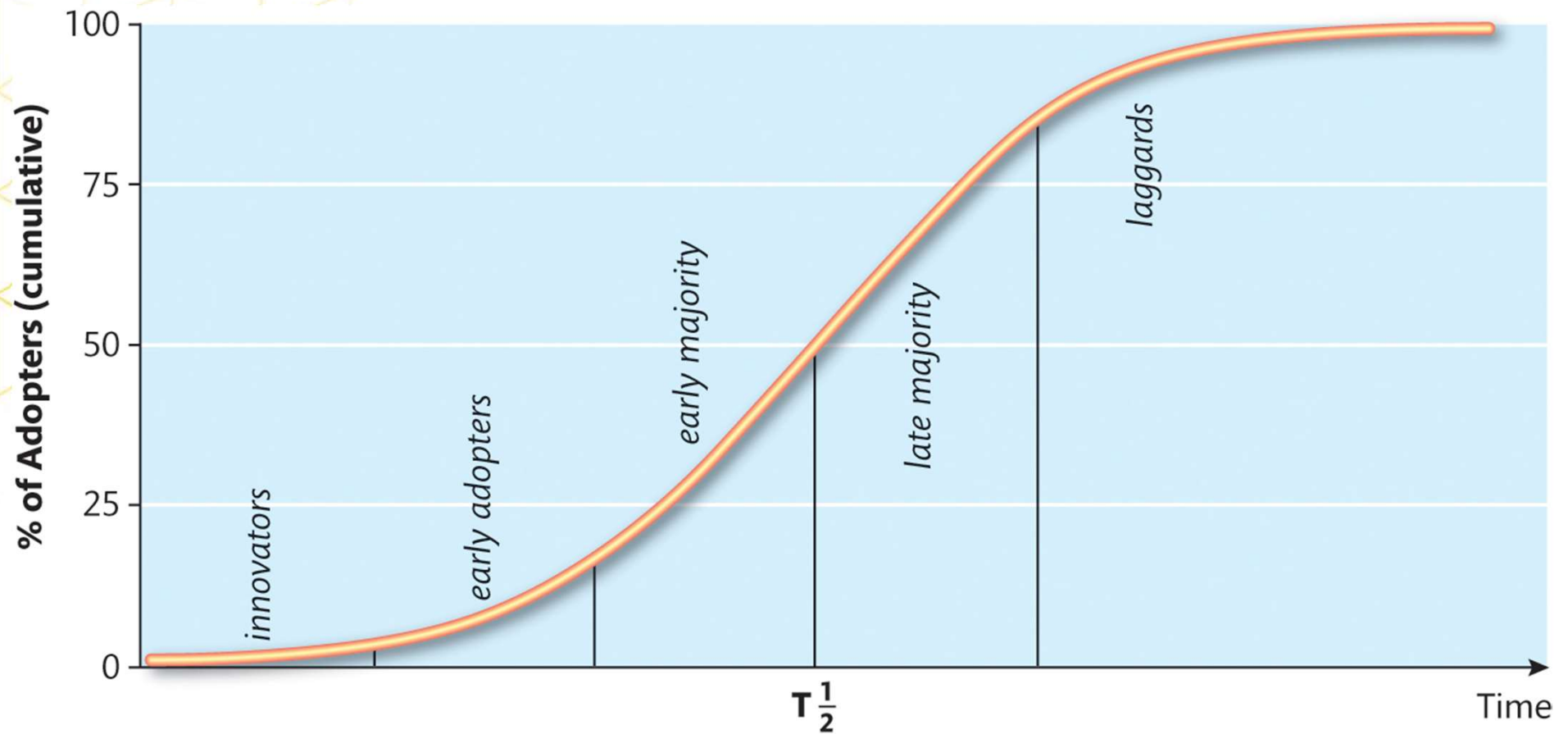# New Product Development Process

New Product Development

- Expensive and risky to a business
- Vital for continuation of product portfolio (and therefore the business)
- 9 out of 10 new products fail
  - No market for the product
  - Product doesn't meet market needs
  - Poor marketing of new product

Diffusion of Innovation

Summary

- This lecture has enabled you to:
  - Understand the variables around products and services, including classification
  - Understand the product life cycle, new product development process and diffusion of innovation

Diolch | **Thank you**