



Think about the last product you purchased. Was it a new app for your smartphone? An oil change for your car? A candy bar on your way out of a store? Have you ever thought about who's responsible for those products and what their job duties entail?

Managing products and services effectively is vital to the success of any business or organization. Products don't just appear on the market overnight—

- The polio vaccine took over 10 years to develop.
- Google's search engine (the one you probably use every day!) took over three years to develop.
- Taco Bell spent years researching, experimenting, and testing to bring the Doritos Locos tacos to customers. (Read "Deep inside Taco Bell's Doritos Locos Taco" by Austin Carr to learn more about the product's development: <http://www.fastcompany.com/3008346/deep-inside-taco-bells-doritos-locos-taco>).

And that just describes the *beginning* of a product's life! Products also must be well managed through the stages of growth, maturity, and decline. Learn more about product/service management and how it applies to your business.

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You Can Manage: The Product/Service Management Function

No matter what type of business you have, managing your products and services well is a *must* if you want to be successful. **Product/Service management** is a marketing function that involves obtaining, developing, maintaining, and improving a product or service mix in response to market opportunities. To understand product/service management better, you should start with a clear understanding of what products and services are.

Products and services

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. Examples of goods include a desk chair, a truck, or a rose bush for your garden. A benefit associated with a desk chair would be having a comfortable place to sit while you work. A **service** is an intangible activity performed by other people in exchange for payment, along with its associated benefits. Examples of services include a manicure, an internet connection, or an employee search conducted by an outside agency that your business hires. A benefit associated with an internet connection is being able to check your email any time.

Company goals and strategies. These are internal factors that affect product/service management. Each business has its own unique set of marketing goals and strategies that will influence what it expects from its product/service mix. Let's say your business wants to maintain its market share in a certain category. This may involve modifying or improving an existing product so that it continues to compete well with similar products on the market. As company goals and strategies change, product/service management decisions may change as well.

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Costs and available resources. These are especially important during the new-product development process. A manager may have a great idea for a new product, but it may not be profitable if it is too expensive to develop and produce, or if the needed materials are too scarce to obtain affordably. Part of product/service management is making sure that the business will get a return on its investment in a product and will make a profit. Therefore, product/service managers must take costs and resources into account when making decisions.

Competition. Product/Service managers must constantly be aware of what's going on around them and what other companies are doing. With certain popular products or services, competition can be very fierce. In some cases, a company may want to introduce a new product to better compete or to gain market share. In other cases, a company may want to modify an existing product so the competition doesn't make it obsolete. Many product/service management decisions will be made as a result of a business's competitors' efforts.



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Not all new products need test marketing. In some cases, it may not be used because it's costly, delays entry into the full market, may not give an accurate picture of performance, provides no guarantee of actual success, and gives competitors an opportunity to copy the idea while it is being tested.

Commercialization. If a product has made it through every other stage in the new-product development process, it is finally ready for **commercialization**. This is the point at which the product goes into full-scale production, a marketing plan is put in place, service and sales training are conducted, and the product's life cycle begins.

Monitoring existing products

Existing products are those that are already on the market. It's important for product/service managers to keep a close eye on existing products and monitor them in terms of sales, profit, market share, and how well they're meeting company goals and expectations.

Product/Service managers may decide an existing product is performing well and needs no modifications. Or, they may choose to add new features or change the design or packaging in some way. Making changes in an existing product often follows steps similar to those used in new-product development. Managers may reposition the product by changing the marketing strategy. Or, they may decide to eliminate the product altogether.

