

Management of New Products and Services (MNPS)
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Lecture – 01
Similarities and Differences

I am Jayanta Chatterjee from IIT Kanpur and we will discuss over the next few weeks a very interesting topic in today's business world, management of new products and services. Really speaking products and services in day to day language we kind of look at them differently, but as the world is evolving a better way of classifying will be goods and services, which means that the concept of product it embraces both tangible and intangible aspects.

So, product is a multi dimensional concept today which embraces goods and services and by goods we mean a tangible something that you can touch and feel smell and so on and service is something which is intangible, but together this is the most important concept. That a product is really speaking a bundle of values that customers buy to fulfill some needs to perform some tasks which they want to get performed in their daily life.

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WHAT IS A PRODUCT?

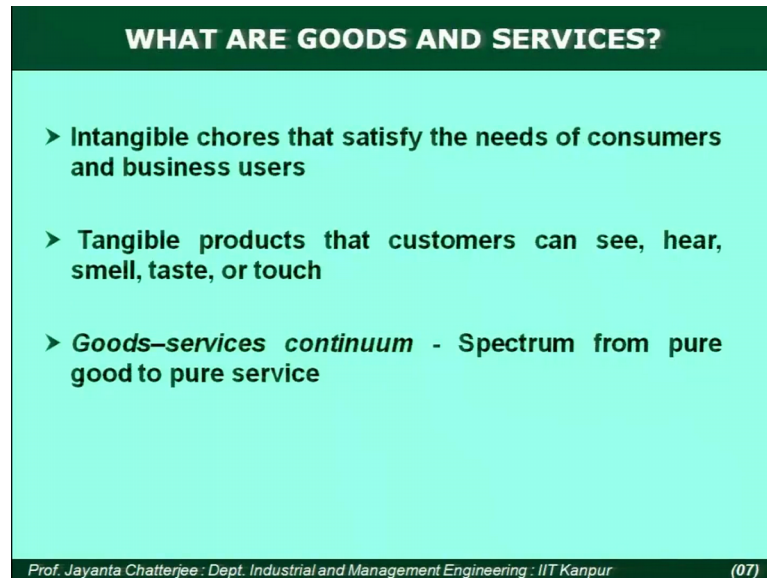
- **People buy a bundle of value , not products or services per se.**
- **Bundle of physical goods, service, and symbolic attributes designed to satisfy a customer's wants and needs**

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So, they buy a bundle of value not exactly either product or service the customer does not care what you call how you classify as long as the need is fulfilled, customer job is done. So, therefore a bundle of physical goods services symbolic attributes all put

together, that satisfy the customers once and needs will be what we will be dealing with in this particular course; and we will particularly look at more in detail about new products.

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WHAT ARE GOODS AND SERVICES?

- **Intangible chores that satisfy the needs of consumers and business users**
- **Tangible products that customers can see, hear, smell, taste, or touch**
- **Goods-services continuum - Spectrum from pure good to pure service**

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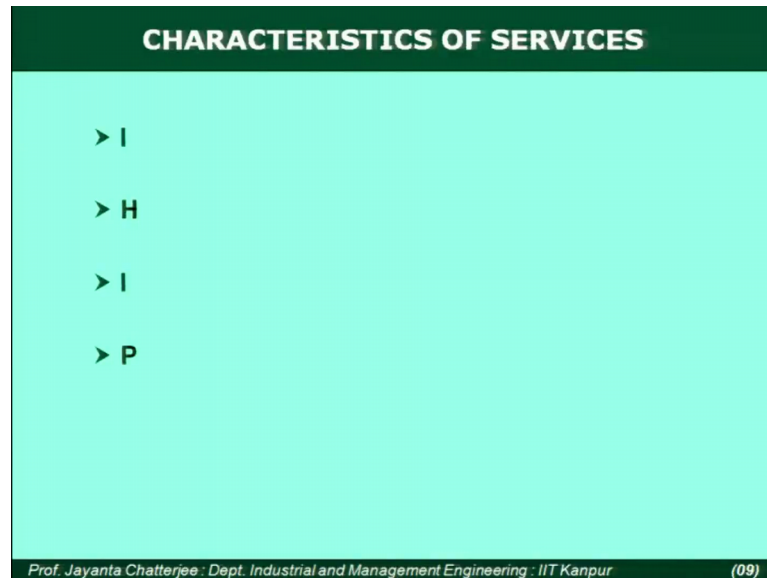
We will look at products as they mature, we will products in the decline stage and again to repeat both intangible work that the customer needs to be done or a tangible part of it which the customers can hear smell, touch, taste all that will be considered as a continuum, which we call the goods service continuum; What is this good service continuum?

For example, this particular discussion that we are participating in, this the teaching is in a way a pure service, which means it is a knowledge that is getting exchanged between you and me and this knowledge is not something that you can really touch or feel or smell, but to reach you, I am now in studio I am facing the camera I am talking to you and when you are listening to me you are using a computer or a smart phone or some other internet able device, which means that to make this intangible knowledge exchange happen, we actually use some form of different as types of physical tangible products.

So, really speaking there are really very difficult to find examples of pure goods some textbook talks about salt; for example, say it is a pure goods and when we talk about a musical concert or a teaching session learning session will say it is pure service. But as I discussed just now in reality to make that intangible happen we will use tangible aspects

and to make a tangible product interesting distinguished or distinctive we will often use service.

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Now; however, those elements which are more like service like a teaching and learning, like a musical concert, like a movie or some other form of entertainment often have these 4 characteristics.

We call it I H I P as you see on your screen, the I first I stands for intangible and the intangible we just discussed things that you cannot really specify or conceptualize using 1 of the 5 senses this; that means, it is kind of beyond that the H stands for heterogeneity, this is a very interesting a little complex concept; it means that the same service offered at the same time and space.

For example this particular session that is going on or a musical concert or a meal in a restaurant can mean different things to different persons, even though they are present in the same time and space frame, because human beings are different. So, even when I am talking to you this session may be different in certain aspects from another session that will be coming up, because I as a person may not be the same exactly time to type.

So, as human beings are not machines. So, therefore, the exchange often creates different shades of experiences and that is why we call services as heterogeneous, also sometimes called differentiated; in the next I we actually talk about inseparability means that this

particular exchange that we are having between you and me needs you to be present and needs me to be present and in today's world; however, in the past or even today like suppose you have a haircut then the person who is styling your hair and you must be present in the same saloon in the same time.

So, therefore time and space bring 2 of you together, even a teaching session a learning session used to be like that, but today when you are participating in nptel; we are using technology to do some store and forward which means that the day, I have actually recorded this particular series may note the exactly the same day you are listening or participating in it.

So, we use technology even though when you are absorbing that learning we are present in the same timeframe in the same space. So, even though one presence may be virtual another may be real; sometimes I may be listening to your comment comments or I may be reading your inputs in the forum and I encourage all of you to regularly participate in the forum associated with this course, because the more you provide your expressions and inputs we can make the session more interactive and more interesting.

Even though we can be what we call a synchronous in time; that means we can do some use technology to do some store and forward and time shift; the last 1 P stands for perish ability which means that, if you are not present in a class then you have lost not only your attendance, but that opportunity for participation and knowledge exchange; but here again because of technology we can actually capture a musical concert.

So, that even if you are not present you can actually listen to that musical concert sometimes later, if somebody has recorded the whole thing on his or her smart phone while attending that; sometimes it is not allowed, but when it is allowed it allows us or we can record and you can listen to it; but if however, just as something that has perished has altered it is not always bad you know like for example, cheese is in a way perished milk.

So, it is different but a perish ability is challenged today because, of different technological solution in many ways; but even then service has this aspect of transients it may not be present sometimes the opportunity may be gone, if you are not there at that moment.

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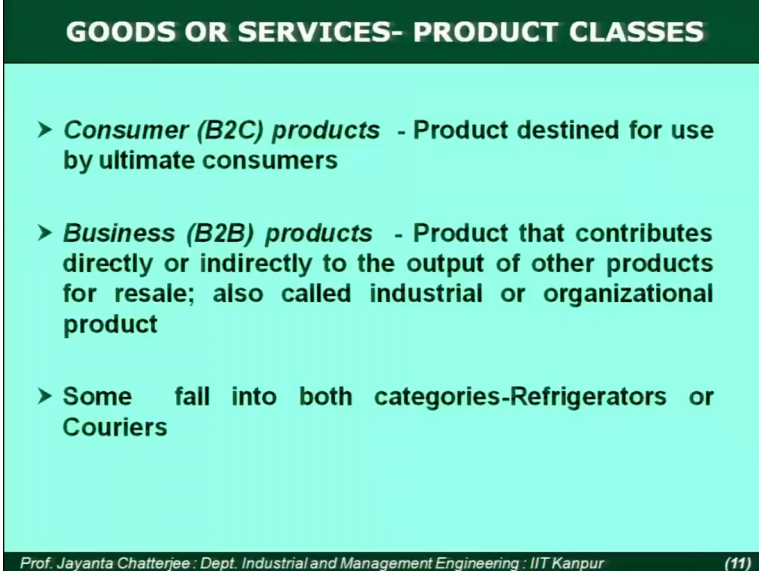
If you look at the most admired companies and you can see on your screen, so many companies Apple, Starbucks IBM or Infosys or Wipro or Amul or the Taj mahal hotel famous, you will understand this almost continuity of goods and services in terms of offering to you an attractive product.

So, just as the Taj mahal hotel is famous for it is exemplary service for it is employees going beyond the call of duty as it happened when we had a terrorists attack on and then people actually stake their lives the employees to save their guests and they became world famous for that dedication for that a presence of mind, all of that are actually part of the service that they offer; but also the Taj mahal hotel is famous for it is architecture for it is unique aspects in terms of the building facilities from outside inside and so on.

For example, IBM famous for it is fantastic very useful world class machines. In fact, they were originally called international business machines, but today they are called IBM because IBM is also a lot of innovative service. So, similarly it goes for Apple you know apple products like I phone, excellent examples of well designed well used goods, but I tune without which or many other siri and others different types of applications software without that that particular class of goods might not have been as appealing as it is.

So, which means this hardware and software in a way also can be used as other terms for goods and services. So, you will understand today most things are an integration of these 2 types of aspects.

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GOODS OR SERVICES- PRODUCT CLASSES

- **Consumer (B2C) products** - Product destined for use by ultimate consumers
- **Business (B2B) products** - Product that contributes directly or indirectly to the output of other products for resale; also called industrial or organizational product
- **Some fall into both categories-Refrigerators or Couriers**

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We will now discuss, so what I am going to do is to use these products as a kind of an encapsulated concept which will include goods and services in different degrees. So, one way of classifying products and services calling them you know we can call them B2C as we say business to consumer.

So, these are products which are aimed at consumption directly; that means, from a biscuit manufacturer through a channel it reaches you and you as the buyer, you are also the consumer and so it is for ultimate consumption whereas, B2B or business to business are products which are not directly consumed; for example, that biscuit will have some natural ingredients like wheat or sugar or coloring e edible colors I told, it can also include some flavoring now those are you cannot directly consume the vanilla flavor for example, or the raw wheat or the coloring agent you cannot consume them directly.

So, they are actually therefore, going through a sale transfer and then some processing some conversion to ultimately become consumable by an individual; which means again this is a kind of a continuum often products and services which we call B2C or consumer products fast moving consumer goods packaged consumer products, the different terminologies they actually also entail a B2B process to reach you as a B2C product or

service and sometimes even a particular type of product can be B2B as well as B2C have different versions.

For example a refrigerator, it can be a big size professional refrigerator used by restaurants or hotels it can be as big as this room where you can walk in or it can be just a domestic refrigerator or say courier service it can be for an individual customer or it can be for corporate. So, that way it is B2B as well as B2C again as you see here we have continuum we have the different versions.