CHAPTER 6

Products and Services

Abstract  This chapter evaluates the demands, needs and wants for products and services, as society evolves because of technological advances, and in terms also of what is truly vital and of value in the pandemic and post-pandemic world. Especially, the COVID19 crisis of 2020 and beyond is causing companies and organisations in all sectors to re-evaluate how they produce, deliver and service their products and services. This in turn informs what is developed, by whom and for whom. This has also led to demands and drives for some key products and services to be produced and delivered within specific localities, so that everyone who needs them has ready and easy access.

Keywords  Products and services · Value · New product and service development · Service levels · Quality · Approaches to new product and services developments · Product and service appraisal and reappraisal

Introduction

There is an ever greater demand for products and services that serve the interests of everyone in a technology-driven society. Additionally, because of technology, supply and distribution chains can be created and sourced anywhere in the world. It is possible to get any product to anywhere in
the world in two days; and so it is possible to obtain any product from anywhere in the world in two days also.

This is the attitude and approach that is driving so much business, product and service development. It follows from this that it is essential to recognise that competition and substitute and alternative products and services can be delivered in particular markets by companies and organisations located anywhere in the world also.

The COVID19 crisis of 2020 and beyond is causing companies and organisations in all sectors to re-evaluate how they produce, deliver and service their products and services. Supply, production and delivery processes are going to be ever more simplified and streamlined in order to keep resource utilisation to a minimum and in order to be able to meet changing patterns of consumption, which in turn are being brought on by a combination of poverty, self and social isolation, and the perceived convenience of having things delivered rather than collected.

It is also the case that the potential for developing products and services is every more enhanced by the availability of technology and different approaches to product and service manufacture, creation and delivery. The boom in cheap air travel in many parts of the world has caused those in many industries to take a fresh and original look at how their sectors do business, and whether there might be opportunities to disrupt in the same ways as the air travel boom has produced (see Box 6.1).

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**Box 6.1 Doing a Ryanair?**

Before the boom in cheap air travel in Europe pioneered by Ryanair and easyJet, the European national and flag carrying airlines provided excellent service in return for very high fares and charges to a limited number of passengers.

When Ryanair then provided everything that the flag carriers delivered, but for a tiny fraction of the cost, the existing airlines went into denial. It was not possible or feasible for a private company to provide such services: every airline needed to carry a national brand by which it was identified.

As Ryanair, easyJet and subsequently others developed and grew, it quickly became apparent that there was a huge untapped market for air travel, provided that the prices, costs and charges could be kept down; and provided that the route network and flight schedules were assured and met quality, convenience and reliability standards.
This has caused many leaders and managers in a great variety of industries to re-evaluate their whole position, and how they should be able to operate. In many cases the starting point is the same as for the low-cost airlines: there is a huge demand for particular products and services, but not at the prices and costs charged by mainstream companies in particular sectors. For example:

- in the UK there is a huge demand for housing, but not at the very high land and building costs and charges; and this has led to growth in such diverse sectors as: trailer parks; self-assembly houses; prefabricated housing units and subunits;
- the costs and charges in car markets have led to an influx of low cost/high value products from companies such as Dacia and Hinari; and while these companies have only limited market shares, their position is growing all of the time. This has also led to existing and mainstream car companies developing separate brands for specific sectors (e.g. Volkswagen manufacture and deliver good value cars under the SEAT brand in order not to dilute the company’s core brand and central products);
- the costs and prices charged for fast moving consumer goods (FMCG) has led to the development of companies such as Poundland, which now sell both mainstream and also alternative brands for a fraction of the prices charged elsewhere;
- high and rising levels of charges for proprietary and specialist pharmaceutical and healthcare products have caused others to look to low cost and mass market alternatives. To date this has covered aspirin and paracetamol (UK) and basic antibiotics (Spain); more are certain to follow;
- high and rising levels of food prices have led to the growth of lower cost/good value supermarket chains (e.g. Aldi; Lidl; Iceland)
- high and rising property prices over the whole of the first twenty years of the twenty-first century caused many in the building and construction industries to try and seek other ways of reducing construction costs for premises and housing.

All of these examples are informing leaders, entrepreneurs and managers in all sectors in terms of having them think and evaluate how their own businesses might develop; and also how their own businesses might be threatened, and where the source or sources of those threats might conceivably come from.
This approach is certain to gather momentum as the world emerges from the COVID19 crisis of 2020 and beyond. Everyone will look to new and alternative ways of delivering products and services, and one key approach is to re-evaluate the levels of costs and charges and prices hitherto asked for, across all sectors.

**Products and Services**

In practice there are very few completely new inventions. Pettinger (2019) defines genuine inventions as follows:

- The wheel;
- Reading, writing and mathematics;
- Harnessing electricity as energy and generating electric and nonelectric energy;
- Combining elements into products.

Everything that is done, every product that is made, every service that is delivered, is derived from one or more of these sources. The key issues are therefore founded in taking existing products and services and making them as fully effective as possible; and ensuring also that value is delivered at all times (however that value may be defined).

In terms of the post-COVID19 world, all aspects of value are to be redefined, as follows:

- What is of importance and value to consumers in a pandemic and post-pandemic world;
- Access to prioritised and non prioritised products and services;
- Costs and charges apportioned to products and services.

Value is also to be defined in terms of collective public confidence. However attractive particular products, services and events may be, people will not consume if they do not have the confidence to go to the locations or establishments that are providing the products and services.

It is clear in turn that the means of distribution is vital to ensuring continuing value. Companies such as Amazon that have more or less
assured delivery systems are at present setting the standard for distribution; and others who wish to compete have to establish themselves to the same levels of confidence and assurance if value is to be made clear.

Value is also to be defined in terms of changing habits and priorities; and this will be influenced by new norms and levels of income post-pandemic.

There are some key and hitherto assured sectors which will have to reposition in terms of real and perceived value delivered. For these sectors, there are two key value propositions that have to be addressed:

- Real and perceived value to customers in terms of costs, benefits and convenience and utility;
- Real and perceived value in terms of resource usage, recycling and reuse capacity and potential.

At particular risk of losing value are clothing companies of all levels and quality, furniture stores, independent restaurants and bars, newspaper and magazine publishers, independent specialist boutique shops in all sectors, department stores, other physical retail chains and outlets.

Unless value is designed and determined in these ways, rather than assumed, many organisations will see themselves losing markets and market share. Companies and organisations in these and other sectors are also going to have to take a much broader view of their responsibilities for waste disposal and recycling; in these sectors neither has yet become a priority.

It follows from this that the definition of value is to be constantly addressed and revisited. There are some key industries that continue to shape, develop and influence the future, and this is because they produce goods and services that are either known, believed or perceived to be essential to the strength and viability of society and its infrastructure.

These industries and sectors include:

- Food and drink; other domestic products and services (e.g. for cleaning and washing);
- Transport and travel by road, rail, air and sea; and the cars, trucks, planes, ships and rolling stock that are used by each of these;
- Utilities: electricity, gas, water, roads, railways and IT and telecoms providers;
Construction and civil and environmental engineering;
Banking, finance and insurance and investment products and services;
IT and telecoms networks and providers;
Medicine and medical and healthcare products; pharmaceuticals and drugs; health technology and health and social care products and supports;
Data management and analyses and informatics in all sectors.

There are some key industries which will become radically different to what they are now. These industries have to address and overcome the changes brought on by COVID19 and the IT revolution. They will need to develop radical new positions and approaches to their hitherto existing and largely assured customer bases.

Also at risk are the broadcasting, sports, leisure and travel and tourism sectors. In these sectors also, there are key social drives that have to be taken into account. Continued attention to social distancing, travel restrictions and virus management mean that hitherto assured volumes of business will not longer be present. New approaches and industrial and sectoral repositioning will see radical changes to these sectors.

There is therefore a complex context in which to see all new product and service developments (Also see Chapter 5 above).  

**New Product and Service Developments**

Given the position of waste and effluent management, and the need to gain maximum use from resources noted above, new product and service development cycles need to inbuild a fundamentally different approach to new product and service development (see Fig. 6.1).

The key issues of waste and effluent generation, resource and materials usage and reusage have to be included at the conception and brainstorming stages, as well as being evaluated as a core feature at the feasibility stage. A large part of the real and perceived value delivered by products and services is the presentation and packaging; and this is an issue to be addressed and managed as companies and organisations progress from the present situation and environment.
Fig. 6.1 New product and service development process

**SERVICE LEVELS**

Whatever is being produced and delivered, customers, clients and end users expect specific and expected levels of service, in support of the products and services that they are producing, delivering and making available.

Some organisations enter into service level agreements with their customers and clients, defining such critical issues as speed of response, minimum and maximum waiting times, replacement and returns policies and procedures. Others, especially IT and technology-driven companies, give assurances over performance and security. Mainstream retailers give ‘no quibble’ guarantees over all the products that they sell, whether or not they actually produced them.

Whatever the approach, people have to be assured that their expectations of value are going to be met. Directly related to this is the crucial and central question of quality.

**QUALITY**

Quality is one of those key words that is in turn: vital to every business, product and service; very hard to define; enhanced or devalued by every activity carried out; and informed by a large measure of collective and individual perception.
It is essential to be able to define quality in terms specific to every organisation, product and service. Pettinger (2011) defined quality as a function of the mixture of performance assurance, quantity, convenience, access, value and time in relation to any given product or service (including public services); and he also went on to state that customers’ perceptions of quality and assurance were influenced by the wider reputation of the particular products or services in question. For example:

- Japanese cars and electrical goods always had (and have) the reputation for top and high quality. This is because people expect them to be of top and high quality, and so they look for the features that reinforce this perception;
- UK railway companies have a reputation for low quality and variable service, and so people look for the cues and signals that reinforce this perception;
- UK health and social care services are very good at the point of delivery, but not always easy to access in the first place, and so people look for these cues and signals also.

**Dimensions of Quality**

Ghylin et al. (2008) took this a stage further and defined four dimensions of quality as being: performance, features, reliability and conformance. They stated that so long as the product or service:

- performed as expected, promised or anticipated;
- had the features and functions that were promised or inferred in descriptions;
- was reliable in the specific and expected terms promised or inferred;
- conformed to specific standards of safety and security, and also met any expectations of kudos or status that went with ownership and/or usage;

people would be happy and satisfied.

In the pursuit of quality and assurance, and the value that is delivered as the result, technology and its contribution and performance are essential.
The roles that technology plays are critical; and these roles apply at every stage as follows:

- manufacturing is now delivered to more or less absolute standards. Components and finished articles are produced, assembled and delivered with more or less absolute provision at every stage;
- components that require maintenance or upgrades or replacement are now fully integrated into maintenance schedules;
- marketing and branding is now carried out in more or less real time through social media as well as traditional presentation and product and brand awareness techniques;
- people make up their minds very much more quickly as to the value that is delivered; and again they use social media to express their satisfaction or otherwise;
- products and services reservations, demands and purchases can now be made very much more quickly than previously, by virtue of web and internet access;
- there is a more or less universal access to product and service information in all sectors;
- people’s perceptions and expectations are managed through social media, as well as through physical interactions with company staff and companies and organisations themselves;
- the availability of data and the ability to analyse it is turning marketing and new product and service development into a much more scientific part of organisation management than in previous times.

**Inspection and Assurance**

Quality assurance is underpinned by a combination of known, believed and perceived cues and triggers as above; and it is also assured at a statutory level by product and service inspections in all sectors.

How companies and organisations and their managers deliver on quality is very much a matter of choice and approach. It is essential to identify the key components of quality from the point of view of:

- organisation reputation;
- product and service reputation;
service levels in support of delivering products and services;
new product and service developments;
developments and enhancements in service levels provided.

In the pursuit of providing valuable, excellent, durable and profitable products and services (and service) in all sectors, fully reliable transport and delivery systems are essential.

**Conclusions**

A fundamental reappraisal of what constitutes essential, desirable and valuable products and services is taking place as the result of the COVID19 pandemic. Because of the changes in the social as well as economic and technological environment, many products and services now no longer have the cachet or draw that they once enjoyed even a few months prior to the pandemic outbreak. Companies and organisations are now fully disposed towards conceptions of:

- rapid design, implementation and development;
- fail early and fail fast, where it is apparent or perceived that products and services are not going to deliver early and enduring results.

Where products and services are developed and made available for consumption, the overall design, execution, value and delivery processes have to be assured. As well as convenience, the outlets have to be demonstrably healthy and safe.

This is also true for public and social services. Hitherto unregarded issues on public transport and public facilities, including crowding, queueing, access and egress, have now become major focal points for individual and collective concern, again because of public health concerns. The shift in delivery of many services either in behavioural terms, or because they are now completely online, is causing collective and individual changes in attitudes and behaviour for those who use these services.

The ability of specific health and social care client groups to ask for services when and where these are needed is certain to add value to the provisions. This is from all points of view:
– the providers will be able to enhance their costs and charges;
– the clients will get services delivered at the time and location of requirement;
– there is the opportunity for business and services development, in terms of providing add ons that are known, believed and perceived to be of value to the client groups;
– as services are expanded and the add ons become familiar, this is likely to open up new markets and potential customer and client groups.

The ability to track goods and services is well established; and in time this will become absolute for everything. It will be possible to get universal real time information, and so scheduling and manufacturing of products and services will become more cost-effective in terms of volumes produced, locations delivered and made available. This scheduling will also be very much more accurate in terms of predictions and forecasting as data science and data analytics in all areas of business become more accurate and informed.

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