

PRODUCT

DEFINITION OF PRODUCT

A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a need or want. It includes physical objects, services, places, organizations and ideas.

LEVELS OF PRODUCT

1. CORE PRODUCTS

The most basic level is core product. The dominant benefit or satisfaction that a customer expects from a good or service he or she buys. Often a non rational factor (such as the sleekness and shine of a new-model car) supported by rationalization ("excellent resale value"), is the core product for the customer, and varies from person to person.

2. FACILITATING PRODUCTS

Facilitating products are services or goods that must be present for the guest to use the core product. A first class corporate hotel must have check in and checkout services, telephones, a restaurant, and valet service for instance. One important aspect of facilitating products is accessibility. Resort condominiums often close the office and registration desk in the evenings. They can get by with this if they notify guests and make arrangements for late arriving guests to pick up keys. Product design requires an understanding of the target markets and the facilitating services that they require.

3. SUPPORTING PRODUCTS

Supporting products are extra products offered to add value to the core product. And help to differentiate it from the competition. In a corporate hotel, a business centre or a full service health spa are supporting products that exist to help draw and retain customers. Ideally, firma should choose supporting products that are not easily matched by the competition.

4. AUGMENTED PRODUCT

The augmented product includes accessibility, atmosphere, customer interaction with the service organization, customer participation, and customer's interaction with each other. These elements combine with the core facilitating and supporting products to provide the augmented product. The augmented service offering combines what is offered with how it is delivered. The augmented product is an important concept because hospitality and travel services require customer coproduction of the service.

HOSPITALITY PRODUCTS

The hospitality industry consists of broad category of fields within the service industry that includes lodging, restaurants, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry.

HOSPITALITY PRODUCTS INCLUDES

There are four segments of the hospitality industry: Food and beverages, Travel and Tourism, lodging, and recreation.

The food and beverage sector which is professionally known by its initials as F&B is the largest segment of the hospitality industry. It includes

- RESTUARANTS
- BARS
- COFFEE SHOPS
- BANQUETS
- DINNING HALLS
- EATERIES

The ACCOMMODATION OR LODGING SECTOR provides rooms to stay and may include-

- Hotels
- Motels
- Lodges
- Inns
- Resorts
- Condominiums
- Heritage hotels etc

In the hotels several POS such as SPA , Health Club, Souvenir Shoppee, can be ancillary hospitality products .

TRAVEL AND TOURISM Travel and tourism deal with services related to moving people from place to place. Buses, cabs, planes, ships, trains and so on are all part of the travel industry. Also includes are

- TRANSPORT
- TOURS
- TOURIST DESTINATION

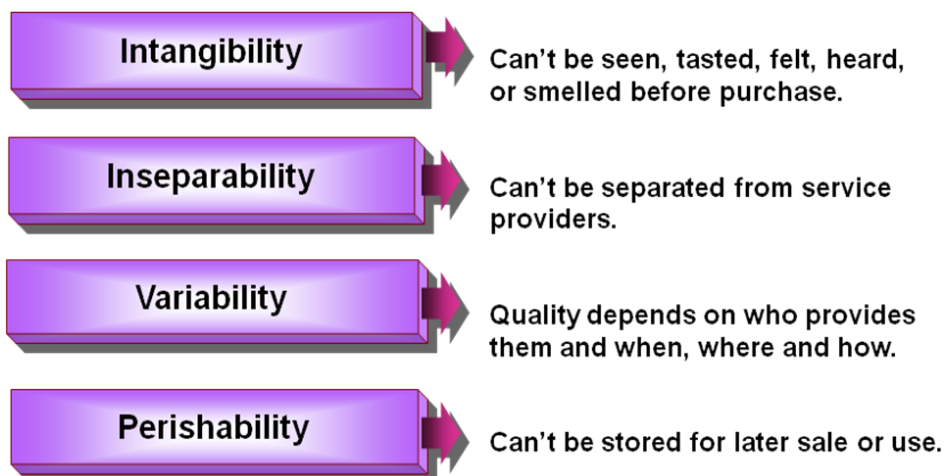
- TICKETING
- MONUMENTS

Recreation is any activity that people do for rest, relaxation, and enjoyment. The goal of recreation is to refresh a person's body and mind. Any business that provides activities for rest, relaxation and enjoyment, to refresh a person's body and mind is in the recreation business.

It may include

- ENTERTAINMENT
- PARKS
- ZOOS
- WATER SPORTS
- MUSEUMS ETC

CHARACTERISTICS OF HOSPITALITY PRODUCTS



INTANGIBILITY

- Services cannot be seen, tasted, felt, heard, or smelled.

- Tangible evidences reduce uncertainty
- High risk associated with services.
- Lack of tangibility after the experience
- Companies should create memorable guest experiences
- Tangibles provide signals as to the quality of the intangible service.
 - Exterior and Interior design
 - Uniforms of employees

INSEPERABILITY

- Customer-contact employees are part of the product
- Other customers become part of service
- The employee becomes part of service
- The customer and the employee interact with the service delivery system.
- Customers and employees must understand the service delivery system.
- Select, hire and train customers.
- Select and train contact employees
- Empower employees

VARIABILITY

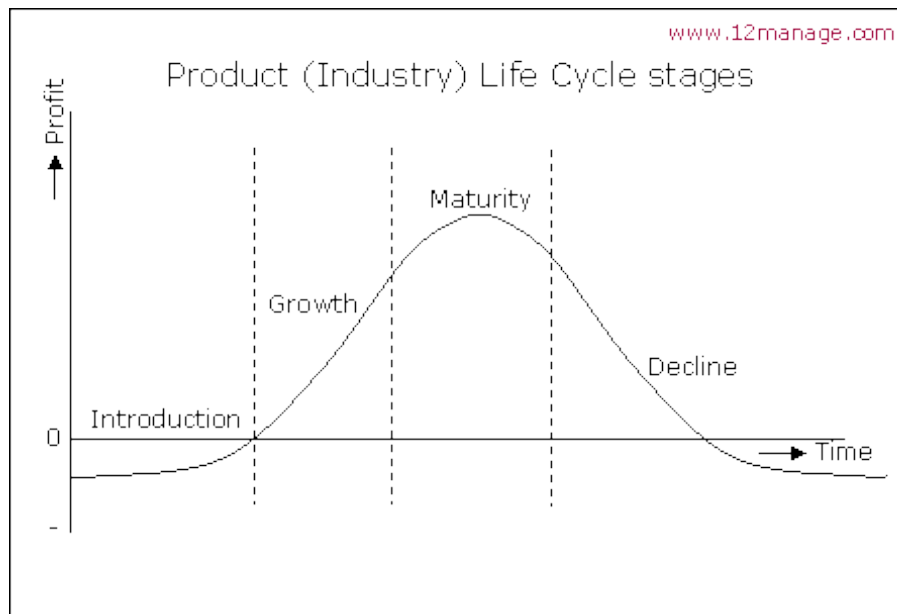
- Services are highly variable
- Services are produced and consumed simultaneously.
- Service consistency depends on the service provider's skill.
- Fluctuating demand makes it difficult to deliver consistent quality.
- Lack of consistency a major source of customer disappointment.
- Guest expectations are different.
- Train contact and non-contact employee

PERISHABILITY

- Lack of ability to inventory – services cannot be stored
- Capacity and demand must be successfully managed
- If services are to maximize revenue, they must manage capacity and demand.
- Change customer use pattern (Hourly, daily, seasonally)
- Cross-train employees
- Involve customer in the service delivery system

PRODUCT LIFE CYCLE

Product life cycle (PLC) Like human beings, products also have a life-cycle. From birth to death, human beings pass through various stages e.g. birth, growth, maturity, decline and death. A similar life-cycle is seen in the case of products. The product life cycle goes through multiple phases, involves many professional disciplines, and requires many skills, tools and processes. Product life cycle (PLC) has to do with the life of a product in the market with respect to business/commercial costs and sales measures.



The product life cycle is marked by five distinct phases:

1. PRODUCT DEVELOPMENT

It begins when the company finds and develops a new product idea. During product development, sales are zero and the company's investment costs add up.

2. INTRODUCTION

It is a period of slow sales growth as the product is being introduced in the market. Profits are nonexistent at this stage because of the heavy expenses of product introduction.

3. GROWTH

It is a period of rapid market acceptance and increasing profits.

4. MATURITY

It is a period of slowdown in sales growth because the product has achieved acceptance by most of its potential buyers. Profit levels off or decline because of increased marketing outlays to defend the product against competition.

5. DECLINE

It is the period when sales fall off quickly and profits drop.

Stage	Characteristics
1. Market introduction stage	<ol style="list-style-type: none">1. costs are very high2. slow sales volumes to start3. little or no competition4. demand has to be created5. customers have to be prompted to try the product6. makes no money at this stage
2. Growth stage	<ol style="list-style-type: none">1. costs reduced due to economies of scale2. sales volume increases significantly3. profitability begins to rise4. public awareness increases5. competition begins to increase with a few new players in establishing market6. increased competition leads to price decreases
3. Maturity stage	<ol style="list-style-type: none">1. costs are lowered as a result of production volumes increasing and experience curve effects2. sales volume peaks and market saturation is reached3. increase in competitors entering the market4. prices tend to drop due to the proliferation of competing products5. brand differentiation and feature diversification is emphasized to maintain or increase market share6. Industrial profits go down

4. Saturation and decline stage

1. costs become counter-optimal
2. sales volume decline
3. prices, profitability diminish
4. profit becomes more a challenge of production/distribution efficiency than increased sales