

PRODUCT vs SERVICES

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Difference Between **Product & Service**



Product



Service

WHAT IS A PRODUCT?

- A product is any physical or virtual object a customer buys, owns, stores, resells, or disposes of.
- Philip Kotler defines a product as :
- *"A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organization and ideas."*

KOTLER'S FIVE PRODUCT LEVEL MODEL

- To cater to the customer's wants or needs, Kotler has created a Five Product Level Model.
- **Core Benefit** – This is the first level that describes the customer's basic needs and wants from a product.
- **Generic Product** – The product functions at the base functional level.
- **Expected Product** – The product has features that the customer expects after it fulfils the base needs.
- **Augmented Product** – A product that has more features than expected.
- **Potential Product** – The product's additional potential in the future



TYPES OF PRODUCTS

There are two broad types of products

- **Consumer Products** – The finished goods the consumer uses, such as convenience goods (daily purchases like grocery), shopping products (one-time purchases like vehicles), etc.
- **Industrial Products** – The goods to be sold to another product manufacturer, such as raw materials required for manufacturing industrial goods.

WHAT IS A SERVICE?

- A service is intangible. It is the transaction of intangible goods between the service provider and customer. One of the key ways to differentiate it from a product is that a service is neither transferable nor storable.
- Some more characteristics of services include
- Inseparability from offering and consumption, and
- Simultaneous involvement of both the service provider and the customer.
- Philip Kotler describes a service as:
- *"A service is an activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product."*

TYPES OF SERVICES

- **Services Based on Tangibility** – This classification includes **services for people** such as healthcare facilities, restaurants, etc. Apart from that, there is **service for goods** including transportation, warehouse facility, repairing, etc.
- **Services Based on Intangibility** – This classification covers education, information services, legal services, etc.

DIFFERENCES

Parameters	Product	Service
Tangibility	Tangible	Intangible
Purchase	One-time	Recurring
Return	Returned	Cancelled
Ownership	Transferable and storable	Non-transferable and non-storable
Quantifiable/qualifiable	Quantifiable	Qualifiable
Examples	Books, laptops, furniture, vehicle, etc.	Repair, education, medical check-up, etc