

Unit 32: Manage Product and/or Service Development

Unit reference number: Y/506/2068

QCF level: 5

Credit value: 5

Guided learning hours: 23

Unit summary

Innovation in the provision of services and products allows businesses to maintain their competitive advantage, whether is it by offering locker deliveries to customers who have shopped online or producing and marketing unusually flavoured ice creams.

Learners will gain understanding of the product life cycle and its stages, and its need to be reviewed to ensure that it meets changing market needs such as technology. For example, mobile telephones have a short life cycle due to the continuous change in technology and consumer requirements from the product.

Learners will learn how to establish the need for new or improved products and/or services by understanding the 'marketplace'. Consumers must have an appetite for purchasing innovative products and services that are cost effective to contribute to business success. Competitor business activity will have an impact as competitors seek to establish the superiority of their own products and services.

Learning outcomes and assessment criteria

To pass this unit, the learner needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria outline the requirements the learner is expected to meet to achieve the unit.

Learning outcomes	Assessment criteria
1 Understand the development of new or improved products and/or services	<p>1.1 Analyse the stages of the development process, product life cycle and their requirements</p> <p>1.2 Explain the requirements of market segmentation</p> <p>1.3 Analyse the factors affecting buyer behaviour</p> <p>1.4 Evaluate the use of market analytical tools when developing new or improved products and/or services</p>

Learning outcomes	Assessment criteria
<p>2 Be able to establish the need for new or improved products and/or services</p>	<p>2.1 Establish criteria by which the need for new or improved products and/or services will be evaluated</p> <p>2.2 Evaluate customers' and potential customers' perceptions of the uses, value and quality of proposed products and/or services</p> <p>2.3 Identify competitor activity that may have an impact on the market for new or improved products and/or services</p> <p>2.4 Assess the likely impact of customers' culture and behaviour on potential sales</p>
<p>3 Be able to manage the development of new or improved products and/or services</p>	<p>3.1 Take action to ensure that proposals are consistent with organisational strategy, objectives and values</p> <p>3.2 Assess the costs of developing new or improved products and/or services</p> <p>3.3 Assess the viability of products and/or services by carrying out viability tests</p> <p>3.4 Evaluate the degree of success of new or improved products and/or services</p>

Unit amplification

AC 1.1 Analyse the stages of the development process, product life cycle and their requirements

- *Product life cycle:* to include introduction, growth, maturity, saturation, decline; characteristics of life cycle stages; marketing use of product life cycle; product adoption groups
- *Development process:*
 - o product – idea; design; development; launch; sources of supply
 - o market factors to be considered – market size; segmentation; customer perceptions

AC 1.2 Explain the requirements of market segmentation

- *Market segmentation:* division of target market; purpose; benefits; segmentation techniques, e.g. demographic; geographic; psychographic, behavioural; subsets of consumers; purpose
- *Segment targeting:* marketing techniques; product positioning; product differentiation; price discrimination; advertising

AC 1.3 Analyse the factors affecting buyer behaviour

- *Buyer behaviour:*
 - o buyer characteristics – knowledge; attitudes; personality; preferences; lifestyle; motivation
 - o influences on buyer – marketing to include product, price, promotion, place; environment to include economic, social, technological
 - o buyer decisions – desire; information search; evaluation; purchase; post purchase behaviour

AC 1.4 Evaluate the use of market analytical tools when developing new or improved products and/or services

- *Market analysis tools:* environmental scanning; environmental analysis, e.g. PESTLE analysis; marketing mix as an analytical tool; market research; consumer research; pilot marketing; web analytics; coolhunting; forecasting

Information for tutors

Suggested resources

Books

Bradley, N. – *Marketing Research: Tools and Techniques*, 3rd edition (OUP Oxford, 2013) ISBN 978-01996550900

Clark, K. B. and Wheelwright, S. C. – *Managing New Product and Process Development: Text and Cases* (The Free Press, 1992) ISBN 978-0029055175

Websites

www.businesscasestudies.co.uk – *The Times 100* – case studies on a range of product development and marketing subjects

www.managementhelp.org – The Free Management Library – information on range of marketing topics

Other

The Bottom Line Podcasts and Downloads chaired by Evan Davies and Stephanie Flanders. The podcasts bring together practitioners to discuss current business matters. Many podcasts touch on topics relevant to the unit, for example the podcasts on rejuvenation and new marketing consider aspects of product and service development. They can be searched through and downloaded from www.bbc.co.uk/podcasts/series/bottomline/all

The Economist (The Economist Newspaper Ltd) – has a business section and articles on innovation, competitiveness and product development. A subscription is required.

Assessment

To pass this unit the evidence that the learner presents for assessment must demonstrate that they have met the required standard specified in the learning outcomes and assessment criteria and the requirements of the Assessment Strategy.

To ensure that the assessment tasks and activities enable learners to produce valid, sufficient, authentic and appropriate evidence that meets the assessment criteria, centres should apply the *Unit Assessment guidance* and the requirements of the Assessment Strategy below.

Wherever possible, centres should adopt a holistic approach to assessing the units in the qualification. This gives the assessment process greater rigour and minimises repetition, time and the burden of assessment on all parties involved in the process.

Unit assessment requirements

This unit must be assessed in the workplace in accordance with Skills CFA Business Administration, Customer Service and Management and Leadership Assessment Strategy in *Annexe A*. Simulation is not allowed for this unit. All evidence of occupational competence should be generated through performance under workplace conditions; this includes evidence of achievement for knowledge-based learning outcomes and associated assessment criteria.

Unit assessment guidance

This guidance supports assessors in making decisions about how best to assess each unit and the evidence needed to meet the assessment requirements of the unit. Centres can adapt the guidance for learners and the particular assessment context, as appropriate.

Assessment is based on learner performance at work in an area that requires the learner to be involved in managing product and/or service development.

Sources of evidence for demonstrating achievement of learning outcome 1 could include work products such as market research results, development plans, keeping a log or reflective journal and witness statements. Explanatory narratives could be used to identify the learner's specific contributions. These sources of evidence should show clearly how and why the learner made the choices they did and the decisions they took, in relation to managing product and/or service development. By keeping a log or reflective journal the learner can reflect on the approach adopted for the practical aspect of this unit in learning outcomes 2 and 3 and any lessons learned from putting theory into practice.

For learning outcome 2, work products such as horizon scans, surveys and reports analysing buyer behaviour, and competitors' activity will cover all the assessment criteria. A log or reflective journal could be a source of evidence for demonstrating achievement of AC2.2 and AC2.3, allowing the learner to discuss the usefulness of customer perceptions and conducting a competitor analysis, and how the insight is used in establishing the need for new or improved products and/or services. A professional discussion for AC2.4 could allow the range of customer perceptions and their significance for sales to be examined in detail.

For learning outcome 3, work products such as development proposals for new or improved products/services, financial assessments and the associated records of relevant discussions will cover all the assessment criteria. A witness statement could evidence the achievement of AC3.1, allowing the learner's actions and their impact on product/service development to be considered. A log or reflective journal could be used for AC3.2 and AC3.3, allowing the learner to discuss the issues considered when deciding how to assess the costs and viability of new products/services.

Evidence of Recognition of Prior Learning (RPL) can also be used within the unit to confirm competence. Wherever possible, the learning outcomes in this unit should be assessed holistically across the qualification.