

Chapter 30 Section 1

Product Planning, Mix and Development

- What You'll Learn:
 - The nature and scope of product planning
 - The concept of the product mix
 - The different product mix stages
 - The steps in new product development

Product Planning, Mix and Development

- Product is _____ a person receives in an exchange which includes:
 - Physical features
 - Seller's _____
 - Seller's _____
 - _____
 - Way a product is viewed by consumers

Product Planning

- Involves making decisions about those _____ that are needed to sell a business's products, services or ideas
- Relates to product features, _____, labels, _____, services and product warranties

Product Planning

- Allows a business to _____ existing products and features offered to customers
- Add _____ products
- _____ products that no longer appeal
- Requires creativity, ability to interpret customer _____ and forecast new _____

Product Mix

- Includes _____ the different products that a company makes or sells (ex. Kraft Foods)
- A retailer's product mix consists of all the products the store _____
- Type and number is based on
 - Business _____
 - _____ of business
 - _____
- Similar types of stores may have different mixes(Gap vs. Brooks Brothers)

Product Lines and Items

- _____ is a group of closely related products manufactured and/or sold by a business.
 - All cars produced by Saturn a division of GM
 - All cereals made by Kellogg
- _____ is a specific model, brand or size of a product within a product line
 - Palm Hand-Held Organizers (product line) includes Palm3, Palm3C, Palm3x and Palm 3Xe (product items).

Product Width and Depth

- _____ refers to the number of different product lines
- _____ refers to the number of product items offered within each product line

Product Mix Strategies

- A _____ for how the business determines which products it will make or stock.
- Depends on resources and business objectives
 - _____ completely new products
 - _____ current product lines
 - Drop _____ products in favor of new products offerings
- Must take an objective look at sales and other factors
- Previous success does not guarantee _____ success

New Products

- Account for about _____ of total sales for consumer goods companies
- Can improve company's _____ (i.e. reputation as innovator and leader)
- Increase markups and _____
- Prices _____ higher than older products
- Often become a major part of a company's product line

New Product Development

- Step 1 – _____ ideas
- Step 2 – _____ Ideas
- Step 3 – Developing a business _____
- Step 4 – _____ the product
- Step 5 – _____ the product
- Step 6 – Introducing the product
- Step 7 – Evaluating customer _____

Developing Existing Products

- Advantages
 - Build on already established _____
 - Appeal to new _____
 - Increase sales and profits
 - Capitalize on image and _____ awareness
- Disadvantages
 - Increases inventory, promotion, storage and distribution _____
 - New products may take away sales from _____ products
 - Additional training for sales people
 - Potential to damage brand name if product is unsuccessful or dangerous

Developing Existing Products

- _____
 - Adding new product lines, items or services which may or may not be related to current offerings
- _____
 - An alteration in a company's existing product
 - Quick and easy way to add to product line
 - Old product is often phased out

Reasons to Delete a Product or Product Line

- Obsolescence
- Loss of _____
- Conflict with current company _____
- Replacement with new products
- Lack of _____
- _____ with other products in the line