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PRODUCT PLANNING AND ADAPTATION

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ALBERT HARING

DURING THE 1950's, marketing began to play an important part in product planning and the development of a product line. The two following articles discuss the reasons for the rise of marketing in the product planning field, and innovation in our economy and its direct relationship with profits during the post-World War II era. This article will summarize the issues and conclusions that appeared in discussion and case analyses.

CORPORATE POLICY

Considerable emphasis was placed upon the fact that a company must have a broad corporate policy to avoid many pitfalls of improper product development. The following eleven points were considered.

1 The first step is to evaluate the company's present line of products. Are the current lines shrinking in importance and volume or do they show signs of a promising future? Even though a product or line of products may have a favorable volume future, the question of profits must be carefully considered. There has been a distinct tendency during the last decade for established products to have greater competition and, consequently, declining profits. Thus, the evaluation of the current line must include not only future volume but profit possibilities. In a rapidly changing economy with a tendency toward unused capacity, the profit squeeze may be the most significant factor in examining the future.

2 Management must set its broad goals for at least the next decade. The volume forecast for 1970, for example, must be carefully analyzed. The next step is to match the prob-

able sales and profits provided by the current line for 1970. Then the question of expansion or contraction arises. If the current line will not provide the goals for 1970, then the problem is to set clearly the goals for facilities, sales, and profits. The development of a product line to attain these goals then becomes much more clear. In most cases, new products or additions to old lines will be essential to attain any goal that involves significant expansion.

3 A profit goal is also vital in evaluating new products. If the profit goal should be 10 per cent of sales, some products will be eliminated and others will appear promising. The existing line should be carefully examined with respect to its profit ratio by age of product. In some industries, the long-established products have much lower profit ratios than successful newer ones. In looking ahead, many companies will find that their established products are contributing significant profits in dollars but an undesirable profit ratio.

One of the functions of the new products is to yield above-average profits during their early years so that the company average reaches the desired level. To evaluate the situation properly, products may have to be segregated not by age alone but by whether they are staples or specialties. In addition, a division by type of market may also be required. Currently, this analysis of products is very helpful in evaluating the areas that offer the greatest promise of adequate profits in the future.

4 Where a new product may require sizable investment in either equipment or a new plant, the problem of the time necessary to recover the new investment is significant. This is directly connected with profits but has additional implications. For plant expansion and large equipment investment, the corporation should set a specific number of years as the write-off period so that new product ideas can be evaluated against a standard. In a rapidly moving industry where innovation is common, special equipment

might require a one-year write-off. On the other hand, in a relatively stable industry with broad markets, a ten-year write-off might be considered appropriate.

5 In what areas is the company willing to expand? One company in the chemical field chooses to limit its activities to chemical products derived from and serving agriculture. A second company may desire to limit its new products to those that are purchased by consumers through druggists and similar retailers. A third company may be completely opportunistic and feel that it can afford to expand wherever the profit potential is adequate and the write-off of new equipment is within its goals.

Most companies are not very successful in what might be called "scrambled" additions, although in some instances the profit motive alone has apparently caused illogical additions that turned out very well. The consensus, however, is that a corporation should have a definite policy as to which areas are most desirable for expansion. If the research and development division comes up with products that do not meet this requirement, the tendency would be to sell or license such products rather than to change the form of the corporate picture. For example, the National Cash Register Company sought a method to eliminate carbon paper in making copies of sales slips, cash register receipts, and similar duplications. The company developed "encapsulment," a process that has many uses far removed from the business machine and business machine supply field, but chose to license its use in other industries rather than to change the company's basic pattern. Such a policy would appear to be desirable for all except the most unusual operations.

6 For both existing lines and proposed new products, markets should be carefully examined. After analyzing the market according to the use of product and channels of distribution (an approach called market segmentation), companies often find that they are not covering the total market. Prod-

uct planning involves an advance decision as to which market segments a company should serve, a process that involves careful research and raises many problems. Should a private brand be made? Should large retailers be sold direct? Should the direct distribution of industrial goods be supplemented by industrial distributors? Should an inferior quality of a standard product be fabricated? Market segments and the products that they require vary so much that many companies have found it essential to create special departments to serve each major market segment.

7 The proven ability of executives and personnel of a company to operate profitably in a limited area is no guarantee of success in an unfamiliar area. Stated in another manner, no new activity should be undertaken that is not controllable by the management and managers upon the basis of their past performance. For example, members of a firm that has had great success in producing top-quality items at a premium price may be completely unable to make the mental adjustment necessary to produce a low-quality product for the mass market where no premium price can be justified. Where a company's experience has been largely in the handling of metallic products, a jump over to an industry that is based on woodworking would seem to involve an unnecessarily large risk.

One company will have greater marketing strengths through certain types of channels. A second company may be very strong on research and development. A third company may be excellent in its production techniques. If a company decides to expand, it should get executives experienced in the new areas.

8 In considering new products and growth, a company must weigh the advantages of acquisition against construction. Acquisition offers speed and secures personnel for a new line. Construction and expansion offer more modern facilities. Some sort of criteria must be developed to choose between these, so a broad company policy is usually most helpful.

9 Every organization that is successful over a period of time develops some type of company or corporate personality. This personality may be synonymous with quality at a premium or with competitive prices. A company may have a reputation for leadership or innovation, or producing staple products at competitive prices. A company may be in good favor with individual consumers and the public, or have an excellent industrial reputation. One major requirement in product planning is to recognize the company personality and to consider limiting product development and production to those areas where the company personality is strong and favorable. Certainly, the personality and thinking of the company is a key to determining the areas where success with new products is most promising.

10 The next major step is to evaluate the present product line. Should the company drop scrambled additions made during the 1950's or earlier, or products whose sale has been falling? Certainly, in considering a new product the existing line should be carefully examined to determine whether plant and equipment should be made available for the new product by eliminating an old one, or whether new facilities should be created. From the discussion, the general feeling was that many poor decisions have been made to expand plant and equipment when weak and fading products should have been dropped from the line.

The sales of fading products tend to be overstated because they are never in short supply, while the sales of new and rising products tend to be understated because of shortage and inability to ship. The latter condition suggests that unfilled orders are as important as shipments in analyzing the position of products now being made.

11 No new product is likely to fit a list of criteria perfectly. As a result, the assumption must be made that every new product will involve compromising some of the criteria. The problem is to choose products that best fit the test criteria and offer the greatest probability of success. Practical compromise thus becomes basic in product decisions.

PRODUCT POLICY

The criteria that have been discussed provide an incomplete list. With another group of participants, a somewhat different emphasis might have developed. To develop a sound product policy, each company must draw up its own list of criteria for evaluating product ideas and product planning.

Two points, however, should be emphasized. First, every business will have to evaluate impartially its own competitive strengths and weaknesses. To be realistic is very difficult; in fact, numerous companies hire consulting firms to ensure impartial analysis.

In adding Paper Mate ball-point pens and Toni hair preparations to supplement its razor and blade line, Gillette appears to have decided that its marketing skills should be concentrated in consumer products that required substantial investment in advertising and promotion. Container manufacturers, as more and more containers have shifted from tin to aluminum and plastic (and other materials), have broadened their lines to cover the container field. Automobile parts manufacturers serving the original equipment market alone have entered the replacement or "after-market." Specialty manufacturers of major appliances have expanded or combined to offer full lines. Kaiser, after securing the Jeep line, has shifted market emphasis mainly to industrial, commercial, and farm use, the areas in which its corporate picture is most favorably known. General Motors has entered the diesel-powered truck field to round out its line of trucks. Each of these companies, as well as many others, has expanded where the company management believed its competitive strengths were close to a maximum.

Second, organization for effective product planning and product development was recognized as possibly the most difficult mixture of line-and-staff relationship in today's business management. User- and market-oriented product development requires close cooperation among market research, sales, product and development engineering, engi-

neering, production, and service (as a minimum) before the proper product, its probable market, and its profitable price can be determined. Where a new plant must be built, finance and other areas of the company become involved. In a large company, many of the executives carrying on the work are below top level, yet must deal frequently with top level men who must have the vision to treat them as equals, possibly as experts, in the particular issues under consideration. Discussion highlighted this problem, but did not suggest any easy solution. The needs for adequate early market analysis, for testing new products under actual use conditions, and for test marketing were, however, consistently emphasized.

One additional point should be made. The need for educating company executives and personnel about new product policy, once it has been established, appears to be vital. When basic policies concerning new products, product lines, and product development have been established, the people concerned must be indoctrinated with such policies and their importance. This area appears to have been so nebulous in many companies that executives interpret new product policy in diverse ways or do not regard such policy changes as significant. To implement new product policy appears to require as much effort in communications as a basic change in compensation methods. And, since many companies will rely upon products not now produced for the bulk of their profits in 1970, adequate understanding warrants whatever effort may be needed.

In comparing product development in the United States and Europe, the European participants emphasized frequently that European firms had fewer facilities and people devoted to new products. Their comment suggested that the rejuvenation of European factories and business after World War II had developed at a pace such that significant expenditures, both in personnel and equipment, had not been devoted to nor available for creative product research and development. As the European executives analyzed the world market situation, the relatively

low overhead costs abroad might make export increases from Europe practical in established products, while the United States could more than compensate for any such trade loss by expanding foreign sales of new products.

OUR INNOVATIVE ECONOMY

D. MAYNARD PHELPS

IN RECENT years, our American economy has often been described as innovative. It is also called a competitive economy and accurately so, because the spirit of competition has been reasonably well preserved in most industries, despite some noteworthy instances of collusion and attempted lessening of competition through mergers. Yet it is my feeling that competition has not been substantially reduced, but that, in fact, a good case can be made for the contrary. Nevertheless, the nature of competition has changed in many, if not in most, American industries. Essentially, competition is rivalry—a striving to equal or excel others in like pursuits—that can express itself in many ways. When we say that we now have an innovative economy we are really saying that competition expresses itself more than ever before in a striving for new products and product improvements rather than through price as such or production economies.

Company executives must decide what will be most effective in capturing present markets or extending them beyond present boundaries. For instance, they may say that their forte is in the management of production, that they can produce at lower costs than their rivals, charge lower prices, and thus increase sales volume or share of market. Or, even without lower costs, they can still follow a policy of competing actively pricewise in the hope that competitors will not follow or that they will do so tardily, and thus give the price reduction initiator an advantage. But business concerns have become more and more skeptical about the virtues of price competition in similar products. They have

found that price competition, under certain circumstances, is not fruitful, in that it begets more competition and all producers suffer. They feel that the advantage gained by price reduction is likely to be an exceedingly transitory one, whereas the advantage gained by developing a superior product may have more lasting qualities.

If two conditions are present, namely, little price elasticity of demand and a prompt meeting of price reduction by competitors, price reductions simply are not advantageous to manufacturers. Let us take an example from the automobile industry. Suppose, as Walter Reuther once suggested, that all automobile manufacturers reduce their prices by \$100 per car in the hope of stimulating demand. Under such circumstances, no individual manufacturer could hope to sell additional cars through cross-elasticity, that is, by capturing volume from some competitor by a price reduction move. Elasticity of demand would have to be present before an increase in total demand would give all manufacturers some additional business. Studies have indicated that automobiles have a very low coefficient of elasticity at present. Under these circumstances, a price reduction would simply lower profits for all automobile producers. This is one reason why automobile manufacturers pay so much attention to product innovation in attempts to capture a larger share of an existing market. The inference should not be made that price reductions are never fruitful. In the early stages of an industry when additional volume makes possible substantially reduced production costs and much lower prices, demand can be stimulated by price reductions. Of course, this was true of the automobile industry, but it is now a prime example of reliance on innovation for competitive purposes.

Innovation enables a company to change its product line and to keep up its level of profits. When a product is first introduced, its distinctiveness, its interest for consumers, and the immediate absence of strong competition make possible a relatively long margin through a high price in relation to costs. Undoubtedly this has been true of Metrecal, the

anti-obesity preparation or, to use a better name, the weight reduction formula. Although competitors came into the market rapidly, Metrecal was and still is a profitable item for Mead Johnson & Company. But prices already have been reduced from the initial level. The point is that a company adds these profitable products to its line through innovation and thus increases, or at least maintains, the profit level. It is just as important to discontinue certain products for which further innovation seems unlikely and for which profits have dwindled—if not disappeared. Many concerns can tell us that they concluded certain products could make no profit, were not needed for purposes of a complete line, and so were discontinued. For various reasons, it is often difficult to discontinue the manufacture and sale of a product but it may, nevertheless, be the logical thing to do.

The tremendous emphasis on technical research in recent years has provided the opportunity for innovation. Of course, it might be argued cogently that the desire for innovation brought about through competition and the need for a more profitable line of products prompted the technical research. There is much research being done, however, that is not the result of competition in other than a very broad sense, so innovation is probably both the cause and the effect of research in American industry. Also, it should be recognized that research “feeds upon itself” in the sense that whatever has been done provides a broader base for an increase in knowledge in the future.

When looking for reasons behind the trend toward an innovistic economy, we must first give due credit to a maintained—perhaps even to an accelerated—competition or, as I have often said, to the instability of competitive position. Another factor is the growth of scientific knowledge and the improvement of technology. Social scientists are trying to understand the impressive wave of new products and product innovations that appeared after World War II. People throughout the world are attempting to

account for the multiplicity of goods and services available in the American economy. There has been nothing like it before, anywhere, in the world’s history. Perhaps it can be ascribed to the economic and social background of the United States and to pressures on the individual business enterprise.

Among the economic and social factors that have favorably affected the rate of innovation in the United States are the freedom of private enterprises to develop and market products without much interference from government; the presence of a large and relatively unfettered market; the increase in discretionary purchasing power; the inclination to assume that novel things are better than traditional ones, or at least the willingness to try new things; a vigorous and imaginative approach to business activities, including the willingness to take risk; and the quest for security in a most threatening world situation.

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All of these factors undoubtedly have had some bearing on product innovation in the United States, but the principal ones, those that might be termed the keystones of the arch, are technological progress—the application of discoveries in pure science to new and profitable uses—and an active effective competition or rivalry among business concerns.

THE RISE OF MARKETING IN PRODUCT PLANNING

E. RAYMOND COREY

THE GENERAL ELECTRIC Annual Report for 1952 contained the following statement:

“In 1952, your company’s operating managers were presented an advanced concept of marketing, formulated by the Marketing Services Division. This, in simple terms, would introduce the marketing man at the beginning rather than at the end of the production cycle and would integrate marketing into each phase of the business. Thus, marketing would establish for the engineer, the designer, and the manufacturing man what the customer wants in a given product, what price he will be willing to pay,

where and when he will want it. Marketing would have authority in product planning, production scheduling and inventory control as well as the sales and distribution and servicing of the product. This concept, it is believed, will fix responsibility, while making possible greater flexibility and closer teamwork in the marketing of the company's products."

Is this in fact an "advanced concept"? If so, what underlies what appears to be a fundamental change in approach to product planning?

Throughout its long and successful history, General Electric has been an engineering-oriented company, a technical pioneer in a wide range of activities. Whether by formal arrangement or simply by practice, the design of its product lines had become the responsibility primarily of the company's engineering personnel. Product planning was a laboratory-initiated activity. The products GE sales representatives took to the market were an expression, in good part, of the company's technical research achievements.

For General Electric and for many other technically strong U.S. corporations to conceive of product planning as a marketing function is to reverse a decision-making flow of long standing. Product planning becomes a market-initiated activity, and product lines, an expression of what marketing personnel have determined to be the needs of GE's customer groups.

REASONS FOR THE CHANGE

What conditions, we may ask, have dictated this change for GE and for many other technically competent American corporations? Four factors, at least, may be cited. *First*, the high rate of technical development has forced companies to pay more attention to their markets. Technical research has been a competitive weapon, surpassing in its power such traditional weapons as price cutting and increased advertising. New products, unseating existing ones in the markets they traditionally claimed, became the new face of competition. These new products brought hosts of new competitors—unorthodox in ap-

proach, unpredictable and undisciplined in the time-worn protocol of industry practice. For some, research was the cornucopia of new opportunity; for others research was an uncontrollable force disrupting stable markets. The essential point, however, is that for both the challenger and the challenged the question, more urgently asked than ever before, became: "What exactly should we make and sell?"

Second, the postwar wave of mergers and acquisitions has had the same disrupting effect in the market place. In many instances, mergers became the answer to the challenge of new products. Thus, for example, when aluminum began after World War II to move vigorously into applications traditionally held by copper, copper companies acquired aluminum-producing subsidiaries so they could continue to serve their existing customers. Can manufacturers, such as American Can and Continental Can, acquired affiliates supplying plastic containers and other forms of packaging. The question leading to many of these mergers was, what kind of a "package of products" makes sense in the market place?

A *third* factor that served to elevate the importance of product planning as a function, and to give this function a market orientation, was the huge dollar stakes for which the game was being played. In this day of mass production for mass markets, large investments in plant and equipment could be committed by a single decision to add a new product to the line. In many cases, the manufacturing and marketing economies of scale were such that a company could ill afford to move half-heartedly into a new market. To be competitive, one needed low unit cost product; and the only low cost plants were large, highly automated facilities. Careful product planning and marketing research helped to provide cheap insurance against costly errors.

Fourth, even apart from the increasing rate of technical development and the wave of postwar mergers, the sheer intensity of postwar competition *per se* has provided a

steady pressure in the direction of market-oriented product planning. In the sellers' market that we experienced in this country from the end of World War II to the early 1950's, we could tolerate considerable laxity in every dimension of marketing. When companies can sell all they make, managements sense no urgency when it comes to product planning.

Starting, however, in 1951-52, demand-supply conditions changed suddenly. Not only did domestic competition become intense, but European and Far Eastern competitors began besting us in world markets. The quality of their products was good, and their prices were often low. It is not an overstatement to say that many domestic manufacturers were forced into sharp reappraisals of what they had conceived to be their competitive strengths. If we can give such reappraising a name and call it "product planning," there was a lot more of it after 1952 than before!

It may be useful to digress briefly at this point to ask what the term "product planning" means. In actual practice, it seems to involve dealing with a broad range of problems related to what a company makes and sells. At one end of the spectrum, product planning is concerned with the company's objectives and its over-all marketing strategy. At this end, we deal with such problems as: What are the basic functions that our product line is designed to perform? What are the groups and classes of customers for which this line is intended? Do we seek to serve our markets as full-line suppliers or limited-line specialists? Will we function primarily as a supplier of materials and components or as a manufacturer of end products? Will we attempt to take a position of technical leadership in our industry, or will we achieve greater success as a follower?

At the other end of the scale, product planning becomes concerned with the detail of carrying out the basic product policy. We deal at this end with such problems as: How many grades, models, and sizes do we supply

in each product line? What exactly are the specifications of each item in the line? If Customer X requests certain modifications in the specifications to meet his particular needs, will we accede to this request?

By way of definition then, product planning is the determination of the company's basic product objectives, of what products the company will make and/or sell, and of what the specifications of these products will be.

DECISION-MAKING CRITERIA

Product planning decisions often involve investigation and judgment in three areas: What does the market want? Can our company be competitively effective in this market? What will our making and selling the new product contribute to our total operations? Let us consider each of these areas in turn.

What does the market want? The late Charles Kettering, a pioneer in the automotive industry, was once asked in an interview whether he believed that "if a man made a better mousetrap, the world would make a beaten path to his door." Kettering replied, "The people who have mice will." This observation is striking for its clear and simple wisdom. Kettering stresses the necessity for orienting product development effort to market needs. He also suggests in his rejoinder that, in analyzing markets, we need to be conscious of the fact that every market is made up of segments. Each segment consists of a group of customers having homogeneous needs and buying motivations.

Our first task, then, is to identify the specific market segments with which we are concerned and to determine market needs as precisely as possible. We are then able to ascertain, first, whether the product under consideration actually has a market and, if so, what its specifications should be.

Simple enough to say, but we often encounter obstacles in making these judgments. In the first place, the market we have in mind may not be able to articulate its

needs if the idea of the product is relatively new. How far would we get, for example, in determining the potential market for private space vehicles by interviewing our potential customer—the man in the street? He has no way of knowing how such a product would fit into his pattern of living, if in fact it ever will. The same fundamental difficulty is present even in investigating the needs for new products that might fit immediately into the customer's day-to-day activities.

Another difficulty often exists in identifying accurately those groups that will make the buying decisions and whose ideas may then determine product planning decisions. Take, for example, the dilemma of a manufacturer of heating and air-conditioning equipment who was interested in adding heat pumps to his line. The heat pump, based on the same principles of operation as the refrigerator, heats the home in the winter and cools it in the summer with the same unit doing both tasks. This equipment could be made in one large unit and installed in the house. Alternatively, it could be made in two parts with one in the house and the other outside. The choice involved such considerations as ease of installation, quality of performance, and noise levels. In attempting to resolve this question, the manufacturer recognized that homeowners, architects, builders, heating and plumbing contractors, and distributors would all be influential in buying decisions regarding the heat pump. It was unlikely, however, that each would appraise the relative advantages of the split and the integral designs in the same way. How, then, could he appraise the relative importance of these conflicting signals, and make a product design decision?

A third difficulty in analyzing markets for new products is presented by the changing and evolving nature of these markets. The market segments of which we speak may emerge only after a product is in commercial use for a period of time. Then different groups begin to exhibit distinguishing characteristics with regard to the purchase and use of the product. At the outset, however,

market segmentation may be only a latent thing.

In the face of these problems, it may be difficult, but not impossible, to make some initial judgments regarding market needs. For lack of adequate market information, marketers and engineers may have to define, as objectively as possible, what market needs are likely to be. Interviews with a few potential customers, with the company's field sales engineers, and with representatives of technical trade associations may provide them with some broad guidelines. These ideas may be enough for a first approximation of the market to be served and the product to be supplied.

The further refinement of these ideas then may come through the experience gained in the initial marketing of the product. It may be useful to recognize that the beginning phases of market development, when the new product is actually being made and sold to commercial customers, are at the same time a part of the market research effort. Introducing the product commercially, in other words, is part of the very process of finding out what we need to know about where the market exists and exactly what it wants.

Can our company be competitively effective in this market? It is axiomatic that, in defining its basic purpose and objectives, a company should "lead from strength." It should attempt to do those things that it can do well. In dealing, then, with product planning questions that fall at the "policy" end of the spectrum, we need to relate the company's strengths to the requirements of the specific job a management undertakes if it elects to make and market the new product.

It then becomes pertinent to ask questions such as these: Are there few or many potential customers? Can they be reached through the company's existing channels of distribution? Will extensive technical and engineering service be required by customers? Will the company need to establish new manufacturing and warehouse facilities? Are the supplier's trade reputation and brand name

important considerations in the eyes of potential customers? Will market share depend significantly on maintaining a position of technical leadership? Will market position depend on low price or on level of quality? Are existing customers also potential customers for the new product?

Answers to these questions may go a long way toward determining whether the particular assets, skills, and relationships the company possesses can be effectively employed in marketing the new product.

There is one other dimension, however, with which to deal in appraising a company's capacity for marketing a new product. This is the matter of management interests and orientation. The degree of enthusiasm—or alternatively, the degree of resistance—that is generated internally by the idea of adding a new product can be a critical consideration. The new product may, for example, compete against the existing line for certain applications. In such instances, it may be true that the sense of psychological commitments to the current line literally disqualifies the management from doing an effective marketing job with the new product.

What will our making and selling the new product contribute to our total operations? Instinctively, the first question asked regarding the addition of a new product to the line is: How profitable will it be? While this may be an appropriate first question, it is often not the key question. And very often a product planning decision is made not simply to increase profit but to accomplish some other objectives related to the business as a whole.

It may be desirable, for example, to add certain products to have a full line of products going to certain customer groups. Or the product may be added because the company's distributors want it and will turn to other sources of supply if the company does not add it to the line. Again, improvements in product specifications may be made simply to meet the threat of a competitor's improved product and thereby to retain market position.

On the other hand, new product ideas may be considered and rejected because of their potentially adverse impact on some part of the company's business. Making and selling the new product may put the company in competition with some present customers. Or selling the new product might seem to existing customers to be in conflict with the company's image. A manufacturer of electric fork-lift trucks, for example, who had claimed for years in his advertising that electric trucks were superior to gas trucks would face some difficulty in adding gas trucks to his line.

Judgments regarding the impact of a new product on the company's total operations are not easily made. For one thing, it is often not possible to apply quantitative measures in this area. Nevertheless, tough-minded and objective judgment is called for to avoid making decisions based on emotion and short-run considerations.

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PRODUCT PLANNING may be defined as the determination of the company's basic objectives, of what products it will make and sell, and of what the specifications of these products will be. Product planning as a marketing activity has gained greatly in importance in the last decade. Reasons for the increase are the high rate of technological development, the postwar wave of mergers and acquisitions, increasing competition in world markets, and the mounting costs of new plants. These factors have tended to increase both the number and the significance of decisions corporate managements must make regarding what products the company should make and sell. They have forced management to give increasing effort to the task of designing competitively effective product lines.

In making product planning decisions, the relevant factors seem often to fall in three areas of consideration: What does the market want? Can the company be competitively effective in this market? What will making and selling the new product contribute to the company's total operations?