

## Chapter 30 Product Planning

### Section 30.1 Product Development

#### Review Key Concepts

1. Product depth refers to the number of items offered within each product line whereas product width refers to the number of different product lines a business manufactures or sells.
2. Criteria used to screen new product ideas include: Is the product in line with the company's overall strategy, which defines customers, target markets, competitors, and existing competitive strengths? Are there any potential conflicts with existing products? Has the product been tested with consumers, and, if so, did they like it and would they buy it?
3. Four reasons to expand a product line are to build on an already established image, to appeal to new markets, to increase sales and profits, and for the company to be seen as an innovator in the field.

#### Practice Academics

##### English Language Arts

4. Retailers state that because shelf space is scarce, slotting fees help share the risk of the failure of a new product between them and the manufacturer. A disadvantage is that retailers must take markdowns on discontinued items. The advantage for manufacturers is that they get shelf space and access to consumers. However, paying for slotting fees causes them to raise the prices they charge retailers for their products. Small manufacturers state that high slotting fees make it difficult, if not impossible, for them to compete with larger companies.

##### Mathematics

5.  $25\% \left( \frac{42,780 - 34,250}{34,250} \right)$