

AGRICULTURE BUSINESS PLANNING

Chapter 5

Market Test and Selling

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Lecture Overview

- Introduction
- Individual Product Decision
- Product Line Decision
- Product Mix Decision
- References

Introduction to this chapter:

The product has been designed and it is time to launch the product to the market. In this chapter, the students are encouraged to promote the products publicly and collect the customer's feedback. Before doing so, it is important to make the product decisions at three levels:¹

1. Individual product decisions
2. Product line decisions
3. Product mix decisions

1. Individual Product Decision

Decisions relating to the development and marketing of individual products:

- product attributes
- branding
- packaging
- labelling
- product-support services.

Product Attributes: Developing a product involves defining the benefits that the product will offer. These benefits are communicated and delivered by tangible product attributes, such as:

- quality
- features

- style
- design.

Decisions about these attributes are particularly important as they greatly affect consumer reactions to a product.

Branding: a name, term, sign, symbol, design or a combination of these, that identifies the maker or seller of the product or service. Consumers view a brand as an important part of a product, and branding can add value to a product.

Packaging: involves designing and producing the container or wrapper for a product. The package may include the product's primary container (the tube holding and protecting Aquafresh toothpaste); a secondary package that is thrown away when the product is about to be used (the cardboard box containing the tube of Aquafresh); and the shipping package necessary to store, identify and ship the product (a corrugated box carrying six dozen tubes of Aquafresh toothpaste). Labelling, printed information appearing on or with the package, is also part of packaging.

Labelling: may range from simple tags attached to products to complex graphics that are part of the package. They perform several functions. At the very least, the label identifies the product or brand, such as the name 'Sunkist' stamped on oranges. The label might also grade the product, or describe several things about the product – who made it, where it was made, when it was made, its contents, how it is to be used and how to use it safely. Finally, the label might promote the product through attractive graphics

Product-support services: Customer service is another element of product strategy. A company's offer to the marketplace usually includes some services, which can be a minor or a major part of the total offer. Product-support services – services that augment actual products. More and more companies are using product-support services as a major tool in gaining competitive advantage.

2. Product Line Decision

A group of products that are closely related because they function in a similar manner, are sold to the same customer groups, are marketed through the same types of outlet, or fall within given price ranges.

Product line-length decisions: The number of items in the product line. The line is too short if the manager can increase profits by adding items; the line is too long if the manager can increase profits by dropping items. Product line length is influenced by company objectives and resources. Companies that want to be positioned as full-line companies, or that are seeking high market share and market growth, usually carry longer lines. Companies that are keen on high short-term profitability generally carry shorter lines consisting of selected items. Another objective may be to allow upselling.

Over time, product line managers tend to add new products. However, as the manager adds items, several costs rise: design and engineering costs, inventory carrying costs, manufacturing changeover costs, order-processing costs, transportation costs, and promotional costs to introduce new items. Consequently, the company must plan product line growth carefully. It can systematically increase the length of its product line in two ways: by stretching its line and by filling its line.

Product line stretching occurs when a company lengthens its product line beyond its current range. product line filling occurs by adding more items within the present range of the line.

Three ways to product-line stretching decision

1. Downward stretch



2. Upward stretch



3. Two-way stretch



3. Product-Mix Decision

Some companies may offer not one but several lines of products which form a product mix or product assortment- The set of all product lines and items that a particular seller offers for sale to buyers. A company's product mix has four important dimensions: width, length, depth and consistency.

1. It can add new product lines, thus widening its product mix. In this way, its new lines build on the company's reputation in its other lines.
2. The company can lengthen its existing product lines to become a more full-line company.
3. It can add more product versions of each product and thus deepen its product mix.
4. The company can pursue more product line consistency, or less, depending on whether it wants to have a strong reputation in a single field or in several fields.

Example: Product Mix Decision in Agriculture Field

	Width			
	Vegetable	Flower	Medicinal Plant	Fruit
Length	-Cabbage	-Rose	-Turmeric	-Guava
	-Lettuce	-Jasmine	-Curcuma	-Papaya
	-Spinach	-Orchid	-Chamomile	-Banana
	-Chili			-Pineapple

	Flower		
	Rose	Jasmine	Orchid
Depth	-Fresh	-Fresh	-Fresh
	-Dried	-Dried	-Dried
	-Sprinkle	-Bud	
	-Essence	-Sprinkle	
		-Essence	

Quiz: Make the Depth Dimension for vegetable, medicinal plant and fruit.

Exercise:

Before launching your products, make the list for:

1. Individual product decisions
2. Product line decision
3. Product mix decisions

The form below will help:

1. Individual Product Decision

Products	Product Attribute				Branding			
	Quality	Feature	Style	Design	Name	Term	Sign	Symbol
Item A								
Item B								
Item C								
...								

Products	Labelling				Product Support Service	
	Graphic	Colour	Design	Meaning	Media	Availability
Item A						
Item B						
Item C						
...						

2. Product Line Decision

This part will be done when there are some amount of products sold. According to your selling experience, consider the product-line stretching decision you are going to make

3. Product Mix Decision

Display the product from exercise number one in to product mix decision

Note:

- Work in team
- Use Ms. Word
- Exercise no 1-3 elaborate within minimum 300 words.
- Submit to F-learn

References

- ¹ Smith, J. G., & Clark, F. E. (1928). Principles of Marketing. In *The Economic Journal* (Vol. 38, Issue 151). <https://doi.org/10.2307/2224326>