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C.16 The Marketing Mix

THE MARKETING MIX AS A CONTROLLABLE VARIABLE

The term **marketing mix** was first formally proposed by Professor Neil Borden in an article in 1964, but, as he explained, the concept had been taught and practiced for many years.[1] Borden credits the idea for the descriptive term "marketing mix" to an earlier article by Professor James Culliton who, in a report on marketing costs, described the marketer as a "mixer of ingredients."[2] Borden suggested that what the mixer of ingredients designed could best be described as the marketing mix. The phrase, probably because of its colorful and descriptive qualities, is now the standard term for a marketing program for a product or service.

More important than the term has been the development of the marketing mix as a concept. The marketing mix concept is central to marketing because it represents the principal output of marketing managers—marketing programs for products and services. The marketing mix has also been important in providing direction for the development of additional marketing concepts. Although first presented by Borden in broad terms, marketers have built upon the marketing mix, providing supplementary concepts that contribute to the process of making the many, complex decisions that comprise a marketing mix.

What Is the Marketing Mix? The **marketing mix** is the program of marketing ingredients designed for a particular product or service in response to the marketing forces that bear on it.

The marketing mix is more than a descriptive term; it is also a concept, providing criteria to guide the many decisions required in designing a marketing program. The marketing mix concept has two components. The first is the ingredients, as Borden called them, or elements that make up the marketing program for the product. These are termed **controllable variables.** The second component consists of the market

[1]Neil H. Borden, "The Concept of the Marketing Mix," *Journal of Advertising Research* 4 (June 1964), pp. 2–7.

[2]James W. Culliton, *The Management of Marketing Costs* (Boston: Division of Research, Graduate School of Business Administration, Harvard University, 1948), p. 6.

forces that make up the environment in which the product is marketed. These are termed **uncontrollable variables.** The marketing manager's problem is to find a combination of controllable variables, a marketing mix, that will respond to the uncontrollable variables or environmental forces.

The Controllable Elements in the Marketing Mix. The controllable elements of the marketing mix are the marketing variables that the marketing decision maker can change to suit the requirements of the situation. It is through these variables that the marketer shapes the offering that will be made to the consumer.

Various lists of controllable or marketing mix elements have been proposed, some short, some long. Borden, in his original presentation, listed 12 elements of the marketing mix with most elements having several subelements, to make a total list of 44 items. The principal elements were:

1. Product planning
2. Pricing
3. Branding
4. Channels of distribution
5. Personal selling
6. Advertising
7. Promotions
8. Packaging
9. Display
10. Servicing
11. Physical handling
12. Fact finding and analysis[3]

An even more extensive list of marketing mix elements can be seen by looking at the list of concepts in Section C of the GLOSSARY. Each of these concepts represents a decision that must be made in developing an element of the marketing mix.

A shorter list, and one having widespread use, particularly in marketing textbooks, uses the alliterative term *the 4-Ps,* representing *product, promotion, price,* and *place* (distribution). Each of the 4-Ps, a term coined by McCarthy in his introductory marketing textbook,[4] actually represents a category or classification made up of many additional individual marketing mix variables.

Lists of marketing mix elements serve as a sort of a checklist to remind the marketer of the areas to be examined in formulating a marketing mix. Whether a short list or a long one is used, designing a marketing mix is a highly complex task. Each variable in the mix has many subcomponents with the result that dozens or even hundreds of individual decisions have to be made. Complexity is added by the interdependence of the marketing mix variables and by the tradeoffs that exist in allocating resources among marketing mix elements. For example, a decision to add a product feature will increase product costs that may result in a price increase or a margin decrease. Either of these can change the funds available for advertising and the willingness of channel members to handle the product. The interdependence of marketing mix elements means that marketing mix decisions cannot be independently made, but must be coordinated.

The Uncontrollable Forces Shaping the Marketing Mix. What makes the marketing mix a concept rather than just a definition is that Borden suggests, although in very broad terms, how the marketer should go about deciding on a marketing mix. The best marketing mix, he says, depends upon the situation facing the product. The marketer must adjust the marketing mix elements to the market forces that bear on the product[5] (see also GLOSSARY entry A.4 on **environmental variables**). For example, one of the market forces is consumer needs. The product must be designed so that it meets the needs of consumers. In addition, the price and availability (distribution) of the product must meet

[3]Borden, "The Marketing Mix."

[4]The use of the 4-Ps continues in the latest edition; see E. Jerome McCarthy and William D. Perreault, Jr., *Basic Marketing,* 9th ed. (Homewood, Ill.: Richard D. Irwin, 1987).

[5]Borden, "The Marketing Mix."

consumer needs. Another market force is government regulation. The marketer adjusts to this by designing a product that meets government safety standards, avoids collusion in pricing, and advertises honestly.

What are the market forces that should be considered in designing a marketing mix? Borden lists four, each with a number of subforces. They are consumer buying behavior, the trade's behavior, competitors' position and behavior, and government behavior. In addition, although not listed, Borden notes that the marketer must also adjust to the resources available in the firm.[6]

The idea of adjusting the elements of the marketing mix to the uncontrollable market forces begins the process of sorting out the complexity of the marketing mix decision. However, it also leaves a number of questions unanswered. Since there are numerous market forces bearing on a product, which one is most important? What provides coordination so that the many marketing mix decisions are all pointing in the same direction? How are interactions among marketing variables controlled?

Since its original formulation, a great deal of work has been done to supplement the marketing mix concept by developing related concepts and processes that provide further decision-making guidance. These concepts are included in section C of the GLOSSARY. In the next section of this entry, both a process and criteria for developing a marketing mix using these new tools is presented.

CRITERIA AND PROCESS FOR MAKING THE DECISION

Developing marketing mixes is the central decision in marketing. Although it remains more of an intuitive art than a science, there is both a process and a set of criteria for designing a marketing mix.

The Process for Developing a Marketing Mix. The **marketing planning process,** although very broad, does define a sequence of steps leading to development of a marketing mix. The principal purpose, and the principal output, of the marketing planning process is a focused and coordinated marketing mix. The process is presented in detail in Chapter 4.

Using the marketing planning process, the steps in developing a marketing mix are these:

- *Step 1: Analyze the Situation.* Before a marketing mix can be developed, the forces that bear on the market for the product must be determined and analyzed. Because the marketing mix must adjust to these forces, they must be identified before marketing mix decisions are made. The situation analysis examines resources of the firm, characteristics of the market, the nature of competition, the needs of consumers, and the trends in the social, economic, and regulatory environment. GLOSSARY entry A.17 details the **situation analysis.**
- *Step 2: Position the Product.* Central direction and coordination of the marketing mix are provided by the product's positioning. Positioning the product requires that the market be segmented, a target segment selected, and the way in which the product will relate to competition decided. The positioning decision is based on the situation analysis of the market, consumer, and competition. GLOSSARY entry B.1 describes the **positioning process.**
- *Step 3: Develop a Marketing Mix.* The marketing mix is designed by taking direction from the positioning developed in step 2 and by adjusting the elements to market forces defined in step 1. Additional coordination of marketing mix elements is provided by a number of marketing mix decision-making concepts that work "across the variables" rather than within a single variable. The **push versus pull** variable is an example. The resulting marketing mix is a comprehensive marketing program for a product that includes decisions on the design of the product, the price to be charged, the means of distribution, and the promotion to be used.
- *Step 4: Project Outcome.* The results of implementing the marketing mix should be projected, usually in financial terms, as a check on feasibility. If the outcome does not met financial goals, adjustments must be made to the marketing mix. GLOSSARY entry D.5 presents outcome projection techniques.

[6]Ibid.

In developing a marketing mix, it is important to adhere to the order of the steps. The forces bearing on the market must be understood and the product's positioning must be set before marketing mix decisions are made. Otherwise, the marketing mix decisions will be uncoordinated and not responsive to the uncontrollable market forces.

In addition to providing a means to developing a complete marketing mix, the process suggests an approach to individual problems in the marketing mix. The analysis of any problem with an individual marketing mix element should begin with review of the uncontrollable forces bearing on that marketing mix element and an understanding of the product's positioning that will provide direction and coordination to all marketing mix elements.

Criteria for Developing a Marketing Mix. Although there is a process for marketing mix development, it is still necessary that dozens or even hundreds of individual decisions be made about marketing mix elements. How are these decisions to be made? Section C of the GLOSSARY provides concepts that provide criteria or processes for making many of these individual decisions. For example, GLOSSARY entry C.1 provides a process for **advertising budget formulation,** an individual marketing mix element.

However, in making marketing mix decisions, there is a need for further decision criteria that will provide coordination of the many individual marketing mix decisions. What is needed is a set of common criteria to which all marketing mix decisons will adjust, resulting in a unified and coordinated direction for all marketing mix decisions. Six unifying factors that should be considered in any marketing mix decision are presented below in the form of questions that should be resolved before making a marketing mix decision. Each of these questions can be an-

FIGURE C.16–1

Marketing Mix Decision Criteria and Marketing Concepts

Criterion	*Decision-Making Concept*	GLOSSARY *Entry*
1. Consumer		
Consumer needs	Consumer decision-making process	A.2
	Positioning	B.1
Shopping behavior	Consumer goods classification	A.3
	Industrial goods classification	A.7
2. Competition		
Market structure	Competitive market structure	A.1
	Product life cycle	A.15
Competitive positioning	Positioning, situation analysis	B.1, A.17
3. Resources		
Product attributes	Positioning, situation analysis	B.1, A.17
Business resources	Strategic market planning	A.20
Budget constraints	Situation analysis	A.17
4. Strategic Direction		
Strategic market plan	Strategic market planning	A.20
Strategic objectives	Strategic market planning	A.20
5. Trade		
Trade requirements	Retailer, wholesaler selection	C.33, C.42
Trade cooperation	Push vs. pull	C.30
6. Environmental Variables		
Economic trends	Environmental variables	A.4
Technological changes	Environmental variables	A.4
Regulatory requirements	Environmental variables	A.4
Social/cultural trends	Environmental variables	A.4

swered by using one or more of the decision-making concepts presented in GLOSSARY C. Figure C.16-1 summarizes the criteria and suggests concepts that are applicable.

- *Consumer Behavior.* Who are the target consumers for the product and what needs must the product satisfy? How do consumers shop for products like this one?
- *Competition.* What is the competitive structure of the market in which the product competes? Who are the major competitors and how are they positioned?
- *Resources.* What are the attributes and advantages of the product? What are the resources of the business that is marketing the product? What are the budgtary constraints imposed on the product?
- *Strategic Direction.* What is the strategic market plan of the business? What strategic objectives have been assigned to the product?
- *The Trade.* What are the requirements of the members of the channel of distribution? What must be offered to the trade to gain their cooperation?
- *Environmental Variables.* What are the trends in the external environment to which the marketing mix must adjust? What are the economic trends? technological changes? regulatory requirements? social and cultural trends?

SUGGESTIONS FOR FURTHER READING

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C.17

C.17 New Product Development

THE ROLE OF NEW PRODUCT DEVELOPMENT IN MARKETING

The new product development process provides a planned series of steps for bringing a new product from the initial new product idea stage to readiness for test marketing. The process from test marketing through national introduction is covered in GLOSSARY entry C.18 on **new product introduction.**

The Need for New Product Development. The term **new product** lacks an agreed-upon definition, being applied to everything from new models of current products to major innovations that start a new **product life cycle.** In most cases, a product termed "new" should be perceived by consumers as offering new or different benefits and should result in a new positioning.

The need to develop new products is stimulated by competition. As the product life cycles of current products reach maturity, sales growth rates and profit margins decline. Competitors bringing innovative new products to the market cause older products to decline and be eliminated. To maintain sales and profits, businesses must develop product improvements to extend the life cycle of current products, and they must develop new products to replace those that have gone into decline and been eliminated (see GLOSSARY entry A.15 on the product life cycle). If the objective of the business is to grow, rather than to simply maintain its position, there is further motivation to develop new products. The **strategic market planning process** defines the growth objective of the business. The difference between the growth objective and the projected growth of current products is the **growth gap.** The growth gap must be filled by either acquisition of new businesses or new product development.

The strategic market plan serves new product development in two ways. First, as noted above, it defines the growth gap and specifies the part that is to be filled by new product development. This becomes the new product development objective. Second, the strategic market plan directs the new product development effort. In defining the strategy of the business, the plan specifies the markets in which the business will compete and in which new product development should take place. The business strategy and the objectives that accompany it also specify the resources that are allocated for new product development. It is important that new product development emerge from the strategic planning process of the business (see GLOSSARY entry A.20 on the strategic market planning process).

If the business is to carry out successfully its new product development objective, it must organize for the effort. In the past a common organizational pattern for new products was to place responsibility either in R&D or the marketing department as a supplementary responsibility. Increasingly the trend is to form independent, interdisciplinary, new venture teams assigned full time to managing the new product development process. This approach brings considerably more focus to the project and offers important coordination advantages. Other requirements of a successful new product development organization are these:

- *Top Management Commitment.* Top management must be fully committed to the new product development effort and that commitment must be sustained throughout the process.
- *Organizational Separation.* The new products effort must be organizationally separated from the management of ongoing products so that it receives the continuing attention that it needs and is not interrupted by day-to-day problems of going products.
- *Market Orientation.* New product development organizations must be market sensitive. The organizaton must be built around the **marketing concept** principle that successful new products are ones that offer superior satisfaction of consumer needs.
- *Willing to Accept Risk.* New product development is a high risk process with a high proportion of failure. The new products organization must be able to accept this risk, knowing that elimination of all risk can be accomplished only by halting the process. If the organization is to succeed, it must also be allowed to fail.[1]

Objectives of the New Product Development Process. A Booz, Allen & Hamilton study among companies developing new products showed that of 58 new product ideas studied, only 1 achieved commercial success.[2] Other studies have also shown high failure ratios, the precise number depending on the definitions used for new product attempts and new product successes. Regardless of the study, it is clear that new product development is a high risk activity with more failures than successes.

One of the consequences of the high failure rate in new product development is the resulting cost of a new product. Urban and Hauser estimated (in 1980) the cost of a new industrial product at $2.2 million and the cost of a new consumer product at $6.4 million.[3] But the total cost is really higher than this because of the costs associated with new product ideas that were suggested, worked on, but terminated before being commercialized. The cost of new product development escalates as the process moves from idea generation toward commercialization. Finklin estimates that initial conception of a new product idea costs very little, say $5,000, but that establishing the feasibility of that idea costs ten times that amount. Product development, the next stage, costs 20 times as much as the feasibility study, pilot production costs 20 times as much as product development, and full commercialization costs "much more" than pilot production.[4]

Understanding the risks and the costs of new product development suggests the objectives of the new product development

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[1]See David W. Nylen, "New Product Failures: Not Just a Marketing Problem," *Business* (September–October 1979), pp. 2–7.

[2]*Management of New Products* (New York: Booz, Allen & Hamilton, 1968.)

[3]Glen L. Urban and John R. Hauser, *Design and Marketing of New Products* (Englewood Cliffs, N.J.: Prentice Hall, 1980), pp. 47–49.

[4]Eugene F. Finklin, "Developing and Managing New Products," *Journal of Business Strategy* (Spring 1983), pp. 39–46.

concept. This concept provides a set of steps that begins with a new product idea and takes it through commercialization. The process provides an orderly and planned approach that reduces the risk of failure. It provides for evaluation of new product ideas early in the process so that concepts not likely to succeed are eliminated before their cost escalates.

New product development as presented is a sequential process in which a group of specialists completes one step before the project is handed along to another specialist group to complete the next step. Because of the competitive pressures in most markets, there is pressure to speed up the process. The modern approach is to assign interdisciplinary task teams to the project and allow the steps in the process to overlap and iterate as team members interact.[5]

New product development may be characterized as **technology push** or **market pull.**[6] In technology push, the stimulus for the new product comes from a technological advance, usually suggested by R&D or some other technical group. In market pull, more in keeping with the marketing concept, new product development starts with a perception of an unfulfilled consumer need. Neither of these approaches should be eliminated as a source of new products. However, an objective of the new product development process is to assure that products developed from technology push are evaluated in terms of consumer needs and that products developed through market pull are evaluated to assure that the product is technically feasible.

THE NEW PRODUCT DEVELOPMENT PROCESS

The new product development process accomplishes three things. It provides for the generation of new product ideas on a planned rather than haphazard basis. Second, those ideas are subjected to a series of increasingly demanding evaluation screens from which the probability and the requirements for success are learned. Finally, the process provides, as its output, a finished new product and a marketing plan for its introduction.

The new product development process is presented below in seven steps and is summarized in Figure C.17–1. A different subdivision and sequence may be called for to meet the situation of a particular business. As noted earlier, a different sequence and an overlapping of steps may also be appropriate when it is desirable to speed up the process.

Step 1: Idea Generation. If the generation of new product ideas is to be a planned rather than haphazard process, it must begin with a definition of markets that represent opportunities for new product development. Markets of interest may have been established by the strategic market plan based on an analysis of the opportunity and fit of potential markets. If not, such an analysis

FIGURE C.17–1

The New Product Development Process

1. Idea Generation
   - Definition of opportunity markets
   - External (consumer) sources
   - Internal sources
2. Idea Screening
   - Technology screen
   - Marketability screen
3. Concept Testing
   - Focus group testing
   - Quantitative testing
4. Business Analysis
   - Situation analysis
   - Development recommendation
5. Product Development and Testing
   - Product design
   - Laboratory testing
   - Use testing
6. Marketing Strategy Development
   - Final positioning
   - Marketing mix

[5] See Hirotaka Takeuchi and Ikujiro Nonaka, "The New, New Product Development Game," *Harvard Business Review* (January–February 1986), pp. 137–46.

[6] See Finklin, "Developing and Managing New Products."

should be undertaken. GLOSSARY entry A.20 outlines the process for conducting a market opportunity analysis. Market definition prior to idea generation assures the fit of new products to the strategic direction of the business and provides focus to the process of generating new product ideas.

The search for new product ideas should be a broad one, tapping both external and internal sources. In keeping with the **marketing concept,** it is essential that new product development be based on a good understanding of consumer needs. In many instances, consumers are not a good direct source of finished new product ideas, but market research techniques are available to assure that consumer needs are represented in the idea generation process. Consumers are adept at evaluating new product alternatives. By testing preferences for product alternatives with varying attributes, researchers, using mapping techniques, are able to determine the importance of various product characteristics to consumers. Product spaces can be mapped showing the product attributes desired and the extent to which current products meet these needs. Gaps in the map of the product space suggest new product possibilities (see GLOSSARY entry C.25). Focus groups and depth interviews are also widely used to probe consumer needs and attitudes toward existing products in a class as well as to evaluate new product alternatives. In industrial markets, customers have proven more likely to be direct sources of new product ideas. Von Hippel suggests identifying likely innovators and offering them an incentive to bring new product ideas forward.[7]

Internally, the search for new product ideas can take many forms. New product ideas can be solicited from individuals or groups within the firm. Group idea generation sessions, using such techniques as brainstorming or synectics, can be staged among internal personnel who have been briefed by the analysis of the chosen development market and the consumer needs research. Marketing, R&D, and advertising agency personnel are likely participants. Available or anticipated technology should be explored to determine its applicability to the market of interest. Competitive products should be explored to see if they suggest variations. Levitt suggests that a business balance its search for truly innovative new products with evaluation of product ideas that imitate and improve on the product of the innovator.[8]

Step 2: Idea Screening. In order to foster creativity, the idea generation process should encourage quantity and diversity, saving evaluation until the next step. Because of this, many ideas are usually generated. The purpose of the screening step is to determine which ideas warrant further development. Ideas with little potential must be eliminated to allow resources to be focused on those with a greater chance of success. At the same time, care must be taken not to eliminate potentially successful ideas before they have been adequately explored.

Idea screening compares new product ideas to a checklist of criteria believed important to new product success. Two types of screens should be employed, although there may be several increasingly demanding waves of each. One screen should evaluate the technical feasibility of the product to determine if technology is available to make the product, if it can be produced in quantity, and if it can be produced at a marketable price. The technical feasibility screen should include examination of the fit of the product to the firm's technical and operational capability.

The marketability screens examine whether or not the product meets consumer needs, offers adequate sales potential, and fits with the marketing capability of the firm. Several researchers have suggested criteria

[7]Eric von Hippel, "Get New Products from Customers," *Harvard Business Revieew* (March–April 1982), pp. 117–22.

[8]Theodore Levitt, "Innovative Imitation," *Harvard Business Review* (September–October 1966), pp. 63–70.

for screening new product marketability.[9] Studies of the reasons for new product failure are also useful in suggesting screening criteria.[10] In most cases, the business should formulate its own criteria, using such sources as suggestions. At a minimum, the criteria should include these considerations:

1. Does the product meet consumer needs?
2. Does the product offer competitive advantage?
3. Is the market potential adequate? Stable?
4. Does the product support the market strategy of the business?
5. Are the marketing needs of the product consistent with the marketing capabilities of the firm?

Step 3: Concept Testing. Concept testing is another form of idea screening designed to get consumer evaluation of the product idea before the heavy resource commitment of product development. Consumers are best able to provide evaluation of the product if the idea is placed in a form that will allow the consumer to envision the finished product. For preliminary rounds of concept testing, consumers are sometimes shown brief statements describing alternative concepts. A better approach is to present the product concepts through prototype advertisements that might be used in introducing the product. In addition, models of the product or package are sometimes used.

Initial concept testing usually takes place in focus group sessions (see GLOSSARY entry A.11). After some initial discussion of the product category, the statements, ads, or models are shown to participants and their reactions are solicited. Participants are probed for their likes and dislikes, suggested improvements, comparisons with competitive products, and their likelihood of purchase. After refinements based on focus group results, promising concepts may be exposed to larger samples using more quantifiable techniques to gain a preliminary estimate of the intention to purchase. This information is used to support a projection of sales potential. Active new products companies use the results of standardized concept-testing techniques to form benchmark scores that help to predict the success of new product concepts.

Step 4: Business Analysis. The fourth step utilizes the preliminary data already collected and supplements it with additional data on the product and the market to form a recommendation for product development. The business analysis takes the form of a **situation analysis** and will form the initial section of the marketing plan if the product continues its development (see GLOSSARY entry A.17 on the situation analysis).

The business analysis should examine market potential and develop a sales estimate (see GLOSSARY entry A.16 on sales forecasting for new products). Competitive products and competitive marketing strategies should be determined. Consumer needs and shopping behavior for the product class should be analyzed, and all information on the proposed product should be analyzed to determine its feasibility. Based on test results, a refined product concept should be described, including the benefits and competitive advantage to be offered to consumers.

The outcome of the business analysis is a recommendation whether or not to proceed into development of the product. This decision is highly important because costs escalate dramatically once the decision is made to commit to product development.

Step 5: Product Development and Testing. The new product, which up to this time may not be more than the concept statement or advertisement used in the concept test, must be developed into a physical product. Product development is guided by the re-

[9]For examples, see John T. O'Meara, "Selecting Profitable Products," *Harvard Business Review* (January–February 1961), pp. 83–89, and Ronald H. Hamilton, "Screening Business Development Opportunities," *Business Horizons* (August 1974), pp. 13–24.

[10]As examples, see Roger Calantone and Robert G. Cooper, "New Product Scenarios: Prospects for Success," *Journal of Marketing* (Spring 1981), pp. 48–60, and R. G. Cooper, "The Dimensions of Industrial New Product Success and Failure," *Journal of Marketing* 43 (Summer 1979), pp. 93–103.

fined product concept in the business analysis. The task of product development is to design a product that provides the benefits and the competitive advantage specified by the product concept. There are several stages in the product development process, their nature depending upon the product type. Included will be setting preliminary product specifications or formulations, preparing test products, setting final specificatons, engineering the product for production, and producing pilot lots.

The product development process is interspersed with testing, each development stage being subjected to a test before the next stage is attempted. Early testing is in the laboratory to determine technical feasibility. When product engineering is completed, testing must take place at the manufacturing site to determine that the product can be produced. Product safety testing must be completed before the product is released for consumer testing.

Consumer testing takes place as soon as test product is available. Initial testing may be in laboratories or in central locations. Alternative recipes, flavors, colors, or other design elements can be exposed to consumers to get preference results that will be helpful as product development proceeds. When finished product becomes available, more rigorous testing under natural-use conditions should be used. For consumer products this means testing in the home (termed **home-use testing**); for industrial products trial product placement is required. Frequently the product is introduced to the test participant using some form of concept description such as was used in the concept tests. From these use tests, the marketer seeks consumer evaluation of the product, determination of whether or not the intended benefits are perceived, and a further estimate of the likelihood of purchase.

Step 6: Marketing Strategy Development. Although it is listed later in the sequence, marketing strategy development usually takes place in parallel with product development. Marketing strategy development includes developing and testing the final product positioning and the elements of the marketing mix. The marketing strategy develops from the business analysis of step 4 and incorporates results of the product testing.

Individual elements of the marketing mix are pretested where possible. Advertising copy and executions are developed and tested as are product names and package designs. Pricing alternatives can sometimes be evaluated as part of product tests by asking participants about their price expectations and getting reactions to pricing alternatives.

The outcome of this step is a completed national marketing plan that combines the business analysis with a situation analysis, the positioning, and the marketing mix. The projected outcome, should the marketing plan be implemented, is included, usually in the form of projected profit and loss statements and some form of profitability analysis.

Step 7: New Product Introduction. The stage that follows new product development is new product introduction. This includes the steps of pretest market evaluation, test marketing, and national launch. **New product introduction** is considered in GLOSSARY entry C.18.

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