

Producers must constantly make improvements

"The product must satisfy customers... what they want is what they'll get." As stated by E. Jerome McCarthy in his book, "Basic Marketing," developing the right product isn't easy, because customer needs and attitudes are constantly changing. Before developing a product for sale or distribution, there must be a clear understanding as to what is meant by the word product. For example, how would you describe a new automobile? Would it be adequately defined as a certain number of "nuts, bolts, some sheet metal, an engine and four wheels?" And if someone is offering package delivery services, are they selling a specific amount of driver fatigue or wear and tear on the vehicle? Of course not. Rather, a product means the needs-satisfying offering of a business. In the case of a new car, all the customer asks is that the car runs efficiently, works well and looks good. They aren't generally interested in the production process or in how many component parts the vehicle has. In the same sense, customers of a delivery service don't care how

focus: small business



Mary DiPaolo

much out of the way a driver has to go or where he or she has been. They just want their package picked up and delivered. The value of a product as potential customer benefits is very important. A product is more than just a physical good with its related features. It includes "accessories, installation, instruction on use, the package, perhaps a brand name which fills some psychological needs, a warranty, and confidence that service will be available after the purchase if it is needed," McCarthy said.

And when product takes the form of a specific service, customer satisfaction remains a top priority. Just as we have life cycles as human beings, so do products. All products go through their related product life cycles, which represent the stages a new product goes through from the time it is first introduced to customers to the time it "dies" and is replaced by newer and more advanced products. The total length of a given product life cycle may be as short as 60-90 days (in the case of the Hula Hoop) to 90 years (automobiles). In general, though, product life cycles are getting shorter. The increasing shortness of product life cycles suggests that entrepreneurs keep developing new products continuously. Next week, we will discuss the process involved in capitalizing on each of the life cycle stages of a new product to maximize customer satisfaction and company profitability. Mary DiPaolo is the owner of MarketTrends, a Farmington Hills-based business consulting firm. She is also producer and host of the cable television series, "Chamber Perspectives."

This low-cost investment plan almost eliminates commissions

Is it possible to acquire shares in a sizable number of companies and add to the investment every month without paying commissions? I've heard it's possible to invest just \$25

table II

common stocks	shares owned	price/share	total cost	12/31/88 mkt. val.
Aetna Life	1,3660	\$46.56	\$63.60	\$64.54
American Family	39,3610	13.57	533.92	541.21
Gen. Ver. Pub. Serv.	1,5860	26.47	41.98	37.87
Colgate-Palmolive	9,1600	45.02	412.35	430.52
Dana Corp.	15,4343	36.32	560.57	600.01
Walt Disney	1,2020	62.60	75.24	79.03
Federal-Mogul	1,2230	43.57	53.28	58.09
Hannaford Bros.	11,9820	46.11	522.43	536.19
Kerr-McGee	32,3223	35.76	1,155.22	1,224.21
McDonald's	34,3980	45.53	1,566.22	1,655.40
Quaker Oats	9,9458	46.70	464.43	528.37
RPM	57,5480	16.47	947.96	899.19
Total common stocks		\$6,427.78		\$6,654.84
Cash				809.91
Total Portfolio Value				\$7,564.55

today's investor



Thomas E. O'Hara
of the National Association of Investors Corp.

scribing an actual case that one reader told be about. This reader said he decided he would like to invest \$25 a month. Rather than do it by himself, he got some friends together and formed an investment club. He could have done the same thing on his own. By March of 1988, they had met several times and decided how they would proceed. They decided to use the low-cost investment plan available through the National Association of Investors. More than 40 corporations make their stock available through that plan on an installment basis and pay most of the costs. They decided to begin with an investment in 12 companies as shown in Table I. Note that they bought just one and a fraction shares of each stock. They owned shares in 12 corporations for just \$580. They did have a service charge of \$5 per company, or \$60, to open the accounts. Through the rest of 1988, the 16 people invested \$25 a month, and each month bought additional shares

table I

common stocks	shares owned	price/share	total cost	3/31/88 mkt. val.
Aetna Life	1,2139	\$46.75	\$56.75	\$51.89
American Family	1,7272	13.75	23.75	26.56
Gen. Ver. Pub. Serv.	1,4040	24.75	34.75	32.84
Colgate-Palmolive	1,2299	43.50	53.50	49.20
Dana Corp.	1,2597	38.50	48.50	47.08
Walt Disney	1,1666	60.00	70.00	64.16
Federal-Mogul	1,2885	37.25	47.25	49.47
Hannaford Bros.	1,2685	37.25	47.25	49.47
Kerr-McGee	1,2740	36.50	46.50	47.93
McDonald's	1,3120	47.07	61.75	54.78
Quaker Oats	1,6000	49.66	59.00	53.31
RPM	1,6000	19.38	31.00	26.00
Total common stocks			\$580.00	\$553.77

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