

MARKETING – CORE – IV – SUBJECT CODE: 20UCO2CC4

# NEW PRODUCT DEVELOPMENT PROCESS.

PREPARED BY

DR. BADHUSHA M H N

ASSISTANT PROFESSOR OF COMMERCE  
JAMAL MOHAMED COLLEGE (AUTONOMOUS)  
TRICHY - 620020

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## New product.

- ▶ A product is anything that can be offered to a market to satisfy needs and wants.
- ▶ A New product is any product which is perceived by the customer as being new.

### New product Categories.....

- 1: New to the world.
- 2: New to the product lines.
- 3: Additions to the existing product line.
- 4: Improvements & revisions of existing products.
- 5: Repositioning.
- 6: Cost reductions.



## New Product development Process

- ▶ New Product Development is the development of original products, product improvements, product modifications, and new brands through the firm's own R & D efforts. This process consist of following steps.

1. Idea Generation.
2. Idea Screening.
3. Concept Development & Testing.
4. Marketing Strategy Development.
5. Business Analysis.
6. Product Development.
7. Market Testing.
8. Commercialization.

## 1.Idea Generation .

- ▶ Idea generation is continuous, systematic search for new product opportunities.
- ▶ Ideas form using **creativity generating techniques** and generated through firm's **Internal Sources & external Sources**.



## 2.Idea Screening.

- ▶ Filtering the ideas to pick out good ones & dropping the poor ones.
- ▶ It involves a preliminary elimination process in which a large number of product ideas are screened in terms of the organization's objectives, policies, technical feasibility, and financial viability.
- ▶ Total ideas are categories into three group. They are, promising ideas, marginal ideas and rejected ideas.
- ▶ In screening ideas, the companies normally face 2 serious errors & they must try to avoid these mistakes.
  1. **DROP ERROR**
  2. **GO ERROR**

### 3. Concept Development & Testing.

- ▶ Here, the **Product Idea** is converted into **product concept**.
- ❖ **Product Ideas** means Possible product that company may offer to the market.
- ❖ **A product concept** is a detailed version of the idea stated in meaningful consumer terms
- ▶ When developing product concept following criteria should be consider.
  - Who will use the product.*
  - What primary benefit should this product provide.*
  - When will this product be consumed.*
- ▶ **Concept Testing** means presenting the product concept to target consumers, physically or symbolically, and getting their reactions.

## 4. Marketing Strategy Development.

After concept testing, for concepts that qualify a preliminary marketing strategy is created to introduce new product into market.



## 5. Business Analysis.

- ❑ This stage will decide whether from financial as well as marketing point of view, the project is beneficial or not.

In Business Analysis ,

- ▶ Estimate likely selling price based upon competition and customer feedback.
  - ▶ Estimate sales volume based upon size of market.
  - ▶ Estimate profitability and break-even point.
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- ❑ If above are match with the company's objectives, then the new product concept moves to product development stage.

## 6.Product Development.

- ▶ Up to now, the product has existed only as a word description, a drawing.
- ▶ The company will now determine whether the product idea can translate into a technically and commercially feasible product.



## 7. Market Testing.

- ▶ Now the product is ready to be branded with a name, logo, and packaging and go into a preliminary market testing.
- ▶ Marketing Testing involves placing a product for sale in one or more selected areas and observing its actual performance under the proposed marketing plan.
- ▶ Methods for market testing:
  1. Sales wave research.
  2. Simulated test marketing.
  3. Controlled testing marketing.
  4. Test markets.

## 8. Commercialization.

- ▶ After successful market testing, new product comes to commercialisation stage.
- ▶ During this stage, production of new product on a commercial basis is rapidly built up and implementing a total marketing plan.
- ▶ For formally launching a New Product, the following decisions to be taken:
  - A) When to launch (Timing)
  - B) Where to launch (Geographic Strategy)
  - C) To Whom (Target-Market Prospects)
  - D) How to launch (Introductory Market Strategy)



## CONCLUSION.

- ▶ Every year millions of rupees are being spent on R&D for new products development. Such huge investment is necessary as new products are the only means of survival of a firm.
- ▶ Product development process include ; Idea Generation, Idea Screening, Concept Development & Testing, Marketing Strategy Development, Business Analysis, Product Development, Market Testing, Commercialization.
- ▶ New product development provides a number of advantages to the enterprise.
  - ❖ To produce goods & services with best quality.
  - ❖ It helps in providing maximum customer satisfaction.
  - ❖ To replace declining product and take advantage of new technology.
  - ❖ To maintain/increase market share with competitive advantages.
  - ❖ To fill gap in the market.

