

Strategic elements of product development

Business



New Product Development Process The new product development process is the second strategic elements of product development.

It is important for company to manage their new product into the market. As stated by Cooper (1994), " a formal blueprint, roadmap, template or thought process for driving a new product project from the idea stage through to market launch and beyond" (p. 3). Crawford and Di Benedetto (2011) also mentioned that the new product process is the way from idea to the period of establishing and beyond for a new product to go through.

There are five phases that a new product has to go through. The first phase of the new product process is opportunity identification and selection. In this first phase, opportunities are being determined creatively. New products opportunities are being generated as spinouts of the current business operation, latest products suggestions, modification in marketing plan, alteration of resource and the demand in the marketplace (Crawford & Di Benedetto, 2011). In order to yield these opportunities, three main streams of activity are functioned as guidance to the company.

The three main streams are ongoing marketing planning, ongoing corporate planning and special opportunity analysis.

From these three activities, opportunities such as an underutilised resource, new resource, external mandate and internal mandate can be discovered.

Then these opportunities are being examined comprehensively and completely in order to make sure that there is sales potential in the current market. All resources from the opportunities are being evaluated and defined carefully.

After that the research opportunities are ranked and those that are conflicted with the new product innovation strategy are rejected. The most strategic opportunities are selected to lead into the next phase (Crawford & Di Benedetto, 2011).

Sometimes, opportunity identification can be done quite well to figure out the demand of current market. But most of the time, it seem to be a little bit doubtful. Therefore, the next phase, concept generation, is carried out to focus more intense towards the opportunity and set of intellection tools are developed.

When the major opportunities had been identified and selected, customer involvement begins in this phase (Crawford & Di Benedetto, 2011). Firm is going to make a preparation for the ideation by developing a team for the ideation and screening stages. Inside sources which are among the employees and outside sources which are customers are sources to generate the new product concepts.

Markets are being analysed in-depth throughout the problem that had been identified in the ideation team analysis. Market surveys are carried out and any needs and wants of customers are being determined precisely.

Later, the problems are being solved by searching any possible solutions which is known as the new product concepts. All new product concepts are collected from undefined ideas to working models (Crawford & Di Benedetto, 2011). Information about the customer utility, technical feasibility and cost of a new product are provided to designers from the concept generation and testing alternatives that incorporate the “fuzzy front end” of new product

development (Dahan & Mendelson, 2001). The third phase in new product process is concept or project evaluation.

Before the development phase takes place, the new ideas are to be evaluated, screened and sorted out as in the second phase. Then in this third phase, pool of new product concepts are being filtered and fully screened by testing the concepts to view thoughts of potential customers on the concepts (Crawford & Benedetto, 2011). As stipulated by Salustri (2005), concept evaluation defined as a form of analysis which also known as stress analysis that seldom takes on highly quantitative aspects. The third phase begins with screening which is a pre-technical evaluation on the new product concepts.

This screening process is associated with customer and technical. After screening through the customer and technical, the new product concepts are being evaluated on technical, marketing and financial. When testing is done, full screen of the new product concepts are carried out by having the scoring model process. The results are then being ranked to decide whether to develop the concept or to stop. In this phase, the idea is no longer being evaluated but the plan on developing the idea is being focused.

Finally for the third phase, a project proposal authorisation is prepared on product definition, team, budget, draft of development plan and final product innovation charter in order to move on to the next phase (Crawford & Benedetto, 2011).

The next phase is development. In this phase, the idea gains its real form which is in concrete good. According to Slack et al. (2007) to help in

specification process, all products and services need to have three aspects; concept, package, and process (Trott, 2008).

At this stage, different styles for similar prototypes are created by the product developers and a lot of technical tasks and marketing tasks will take place.

The process of customer need is being created into a product design is known as product architecture (Crawford & Di Benedetto, 2011). At this stage, ultimate product performance is being improved, the cost of changing the product once it is in the making is reduced, and the speed of product to market can be increased. Four process developments are needed to complete product architecture.

First, create the product schematic. Components and functional parts of the product and how they are connected with each other are shown in the schematic.

In this process, some substitute schematics possibly be extended. Second, cluster the schematic elements. At this process, developer defines and identifies the chunks. Changes can be easily effected if interactions between those chunks are kept in easy way. Third, create geometric layout.

The product is being put together in numbers of patterns in order to decide the “ best solutions”.

Last process is to check interactions between those chunks. What occurred at the crossing points among those chunks needs to be aware of (Crawford & Di Benedetto, 2011). After product design, the next step is building

prototype. Prototype can be defined as the first example of something, such as a machine or other industrial product, from which all later forms are developed (Cambridge Advanced Learner's Dictionary, 2008). According to Crawford and Di Benedetto, (2011) three types of prototypes are used in this development.

Focused prototype is used in new-to-the-world products, physical prototype is used to determine whether all the parts are suited together and lastly, advanced prototype is used to track the performance of the prototype and observe if it has been keeping up with desired levels. Once the prototype is set up, firm should make decisions so that they can produce the product which meets the customer need. There are potential problem analyses that must be considered; who should be in the user group, how can the firm reach the user group, should the firm disclose their identity, how much explanation should the firm provide, how much control over product use should there be and how should the test be conducted. Other than that, over what time period the test should be conducted, what should be the source of the product being tested, what should be the form of the product being tested, how should the firm record respondent's reactions, how should firm interpret the figures they get and who should do the product use test are also the potential problem analyses that should be considered.

At the last phase of product development, ready-made products are beginning to be launched to the market and sometimes it is called commercialization.

Crawford and Di Benedetto, (2011) mentions that "Launch planning decisions use all of the previous activity and a great deal of new thinking and
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testing to build eventually toward capability. " The firm must accept several givens. The first is strategic givens whereby firm can avoid established operation limitations.

Second, matters such as positioning, branding and the like will be set in strategic decisions because these matters are difficult to change and are often unfavorable. Third, tactical decisions must be made which be seen as closely related to traditional marketing or often known as 4P's (price, place, product and promotion) (Crawford ; Di Benedette, 2011).

Braddy (2009) mentions that new product launch is arranged into three different stages. Pre-launch stage happens at weeks or months before the main event or launching of the product.

It is a stage where capability to compete with other firms is being built. During the stage, early consciousness is being created and a pre-launch list is beginning to build in order to gain the intention from the early adopters (the first community or organization that use the new product as soon as it is available in the market). Hence, in this stage, firm need build the pre-launch list about product offering, site and business. In addition, firm's selling processes and exchange rates are also need to be confirmed.

Next stage is launch stage. It is the main event or grand opening of the new product. Early strength about the product, site and the business itself need to be produced. Thus, special offers and bonuses are to be made to create shortage of new product in the sense of product preferences by the consumers. During this stage, revenues, cash flows and profits are

increasing and attract attentions of new partnerships, suppliers, retailers, and shareholders.

Last stage is post-launch stage.

It occurs during the weeks or months after the main event or grand opening of the new product. Early request for the product is driven. Proofs about the results of interviews, success stories especially with the satisfied consumers, testimonials and third party reviews are shown. Feedbacks that are gained from consumers on the product and firm's performances or any issues starts and those information are used to conduct the research and development (R; D) in order to improve product performances to become a better product (Braddy, 2009).