

Basic concept of New Product Development

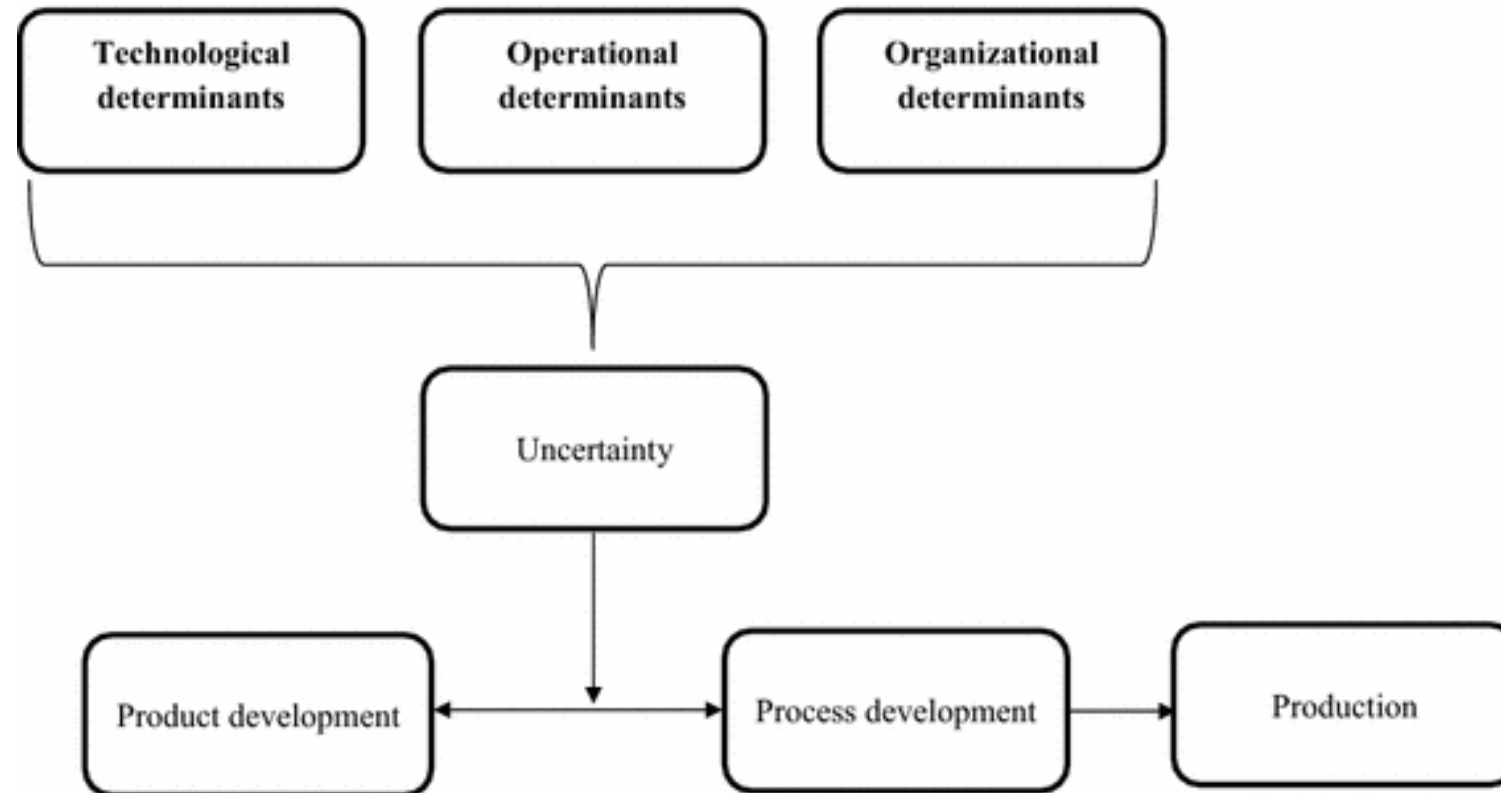
Need, Scope and Importance

- **Product development**, also known as new product development or management, is a sequential order of steps which involves the idea generation, screening, designing, developing and marketing of newly produced or newly rebranded products or services. The motive behind product development is to grow, sustain and enhance market share of a company by meeting demands of consumers.
- New Products development is a simple concept. It is the Conversion of customer need to a reality based solution, creating the tangible product or service from the intangible idea, Creation of new wealth. To success in implementing new products development efforts generally require significant resources and the opportunities in the market.

Market Research and Consumer Dynamics

- Market research often reveals counter intuitive facts about your market, even if you think you are already well acquainted with it. For example, research has shown that ‘snacks’ are often used as a meal substitute, and that therefore successful confectionery-type snack products tend to be more ‘foody’ than one might expect: ingredients like cereal, peanuts, biscuits, and fruit which help break up the overall chocolate are very well received by customers.
- Similarly, the beginning of a product launch also means understanding your competitors, and what products and services they have on offer. Though you might believe there’s currently no competition for your new product, put yourself in the shoes of your customers and consider what they could buy instead of what you’re planning to offer. Review those competitors’ marketing materials, and evaluate how your new offering will stand up against what’s available.

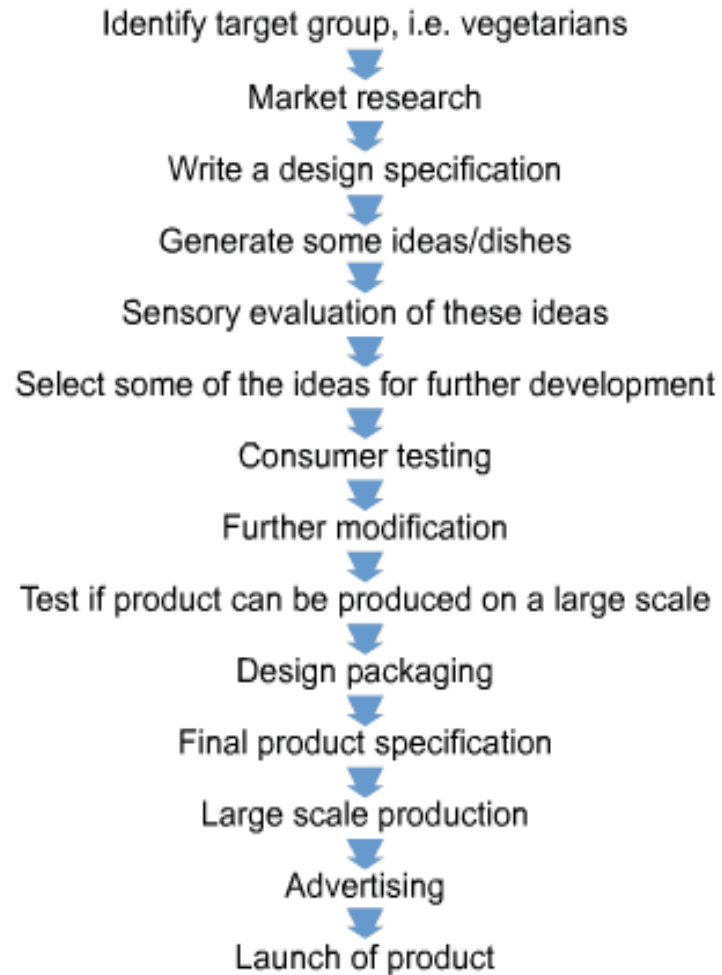
Consumer attitudes and behaviors are fundamentally dynamic processes; thus, understanding consumer dynamics is crucial for truly understanding consumer behaviors and for firms to formulate appropriate actions.



Standardization

- The objective of standardization is to set up a standard for a procedure or a product specification, to which every stakeholder adheres, in order to ease logistical procedures, facilitate trade and possibly improve quality if the requirements of the standard involve an improvement compared to common practices. Standards: Two types of standards exist: product standards (specifications and criteria for the characteristics of products) and process standards (criteria for the way the products are made). Food safety standards are essentially process standards whose aim is to improve the safety of the end products. Process standards can be further divided into two categories - Performance standards establish verifiable requirements on processes, for instance a ban on pesticide use in farm production.

Process of Product Development



Sensory Evaluation

- Sensory evaluation is an essential component of a food research project or product development. The Sensory Division of the Institute of Food Technologists defines sensory evaluation as “A scientific discipline used to evoke, measure, analyze, and interpret reactions to those characteristics of foods and materials as they are perceived by the senses of sight, smell, taste, touch, and hearing.”
- Sensory evaluation tests may be used in product development, research, quality control, and shelf-life studies. In each of these applications, sensory evaluation data may be used as the basis for decision-making. Several factors must be controlled in conducting a sensory evaluation test to minimize experimental error in the data. Sensory tests may be divided into three groups based on the type of information that they provide. The three types are discrimination, descriptive, and affective. The selection of the appropriate test should be based on clearly defined objectives for the project.

Packaging

1. *Physical protection* - The objects enclosed in the package may require protection from, among other things, shock, vibration, compression, temperature etc. Eg : Egg, Bottles
2. *Barrier Protection* - A barrier from oxygen, water vapor, dust, etc., is often required. Controlled atmospheres are also maintained in some food packages, keeping the contents clean & fresh. Eg: Fruits, Vegetables
3. *Containment or Agglomeration* - Small objects are typically grouped together in one package for reasons of efficiency. Eg: Chocolates, Biscuits
4. *Marketing* - The packaging and labels can be used by marketers to encourage potential buyers to purchase the product. Package graphic design and physical design have been an important phenomenon. Eg: Chips, Biscuits
5. *Security* - Packages can be made with improved tamper resistance to deter tampering and also can have tamper evident features to help indicate tampering. Eg: Coke drinks, water bottles
6. *Convenience* - Packages can have features that add convenience in distribution, handling, stacking, display, sale, opening, re-closing, use, dispensing, and reuse. Eg: Sauce, Jam
7. *Portion Control* - Single serving packaging has a precise amount of contents to control usage. Commodities can be divided into packages that are a more suitable size for individual households. Eg: Milk, Ice creams

Labeling

- Product Labeling is a key feature in marketing. It helps to market the product allowing customers to know about the item and give necessary messages including ingredients, instructions, and uses.
- Product labeling can be done in a variety of sizes, materials, and shapes. It plays a key role as a point of sale display in the market shelves. They can also communicate information about how to handle a product or how to dispose of it. You can use the labeling for security reasons so that a product should not be misused. It is for these purposes the labeling having the logo or the trademark of the company. All these are different types of uses of the label for a product in the world of business.
- **What must you include in your label?**
- A label needs to comply with the Competition and Consumer Act 2010 (CCA). This Act is required to give information to consumers, such as:
 - The mandatory consumer product information standards under the CCA
 - Industry specific regulations, such as the Food Standards Code
 - Labels required by customs for some imported products under the Commerce Act.

Marketing

- Product promotion should be an integral part of commercialization. Companies with the leverage to fund national marketing schemes may use many avenues to get their products noticed. Common methods of marketing new products include savings coupons, national television advertisements, internet advertisements, and product placement strategies.
- The promotion strategies are product- and target-market dependent. Finally, product maintenance should be included in commercialization. It should concentrate on quality improvement and profit improvement. Quality factors are maintained by noting potential defects in the product as it is handled in processing, distribution, and display. Cutting your costs rather than raising the price of your product can achieve Commercialization profit improvement without deterring potential consumers. Investigating ways to improve process efficiency, save on labor costs, and find alternate suppliers of ingredients is essential to boost profits. While the product is new, solicit consumer response to help identify alternative flavors and packaging

Thank you.