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What is new product development? Thecasesolutions.com

New product development consists of creation of new ideas, their evaluation in terms of sales potential and profitability, production facilities, resource available, designing and production testing and marketing of the product.

Stages in new product development Thecasesolutions.com



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New product development (NPD) is the complete process of bringing a new product to the market till its consumption & feedback from the end user of the business chain through the systematic procedure & parameter.

PRODUCT WITHDRAWAL

Product withdrawal is a situation in which a manufacturer stops selling a particular product either temporarily or for a period of time usually because of a safety problem.
A company's reputation can be badly damaged by product withdrawal. There are many companies which have withdrawn their products because of safety.

PRODUCT MODIFICATION

Product modification is changing the existing product or changing its design and features to improve its performance, reliability, safety, or to meet new market requirements. It is a process of making changes to an existing product to improve its performance, reliability, safety, or to meet new market requirements. It is a process of making changes to an existing product to improve its performance, reliability, safety, or to meet new market requirements.

Ways of product modification



EXAMPLES



Causes Of Product Failure

- 1. Poor design
- 2. Lack of quality control
- 3. Poor material selection
- 4. Poor production process
- 5. Poor marketing
- 6. Poor customer service
- 7. Poor distribution
- 8. Poor timing
- 9. Poor location
- 10. Poor pricing
- 11. Poor packaging
- 12. Poor labeling
- 13. Poor branding
- 14. Poor advertising
- 15. Poor promotion
- 16. Poor sales
- 17. Poor customer support
- 18. Poor product quality
- 19. Poor product reliability
- 20. Poor product safety

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Larsen and Toubro: Spare Parts Forecasting

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PRODUCT MODIFICATION

Product modification is changing the existing product or changing its design and features to meet the needs of the market. It is a process of making changes to the existing product to improve its performance, reliability, and safety.

Ways of product modification



EXAMPLES



Causes Of Product Failure

- 1. Poor design
- 2. Lack of quality control
- 3. Inadequate testing
- 4. Poor materials
- 5. Human error
- 6. Environmental factors
- 7. Improper use
- 8. Lack of maintenance
- 9. Poor customer service
- 10. Lack of safety features

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This type of development is considered the preliminary step in product or service development and involves a number of steps that must be completed before the product can be introduced to the market.

New products, whether they take the form of new applications, new innovations, or entirely new goods, are an essential component of business success.

Everyone in industry knows that new products are essential for viability: If we do not continue to grow, we die. To grow, a company must continue to learn (research) and to make a difference in its industry (pioneer).... Business, whether it sells waste management or interstellar communications, janitorial services or gene-splicing, lives through new growth—not through clones of the past."

What this means is that new products are essential to survival. "Innovate or die" has become a rallying cry at small and large businesses as increasingly savvy consumers demand the newest and the best products.

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Case study highlighting the importance of new product development in Kellogg's Thecasesolutions.com

Kellogg's

- Using new product development to grow a brand

Introduction

Kellogg's is the world's largest producer of cereal products and convenience foods, including Corn Flakes, NutriGrain and Rice Krispies. These are brands that are recognised all over the world.

Brand investment

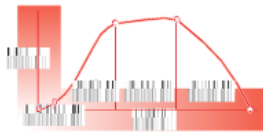
Once a business, like Kellogg's, has established a strong brand, it has to decide whether to maintain it, to develop or grow the brand, or to allow it to decline. What the business decides to do about the brand is reflected in investment decisions today for possible returns in the future.

Marketing Mix

When a business like Kellogg's is considering a change to a brand, it looks at the four elements of the marketing mix: These are product, price, promotion and place. Kellogg's decided that it had a strong brand in Special K, but had not developed it to its full potential. It decided to concentrate the growth of the brand on the product element of the marketing mix, by introducing product variants to the core brand.

Product life cycle

The product life cycle describes the stages that a product passes through from its original launch to its final decline. When a product reaches maturity, a business has to decide whether it is going to support it, through product extension strategies. Special K was recognised as a mature product but one where the brand was not being developed to its full potential. It was therefore ripe for extension strategies. One such strategy, and the one that Kellogg's decided on, is product variants.



Market research

Before taking the decision to invest in variants, Kellogg's undertook market research. This looked to find out current trends such as changes in society, technology or future markets. This research led it to develop Special K with fruit.

Special K with red berries - a new product development

The first variant, introduced in France, was Special K with red berries. Special K Red Berries performed well, without reducing the sales of the core brand. After more extensive product development research Kellogg's launched Special K Peach and Apricot in 2003.

Bars

Kellogg's research had shown that women were keen to eat more healthily, but throughout the day, not just at breakfast. Research suggested that cereal bars offered the strongest opportunity in this area. These were launched successfully in 2001 with the Peach and Apricot variant being added in 2003.

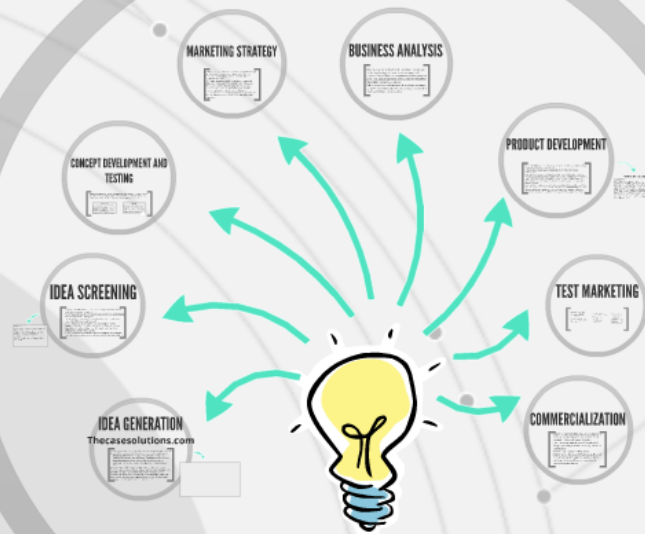
Conclusion

The different variants led to a real growth in the Special K brand, without sales of the core product being affected. Product research encouraged Kellogg's to try the brand in other parts of the world and, within 2 years, had achieved global coverage.



Stages in new product development

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IDEA GENERATION

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New idea generation is the systematic search for new product ideas. It may be noted that ideas may come from internal as well as external sources.

- **Internal sources** refer to the company's own formal research and development, management and staff, and entrepreneurial programs.
- **External sources** refer to sources outside the company such as customers, competitors, distributors, suppliers, and outside design firms

However, source of idea is not so important as the firm's system for stimulating new ideas and then acknowledging them and reviewing them promptly. For example, Ratan Tata conceived of an idea of a small cheapest car when he saw families of four and five people travelling by their bikes. He created a team of product designers at Tata Motors which eventually launched "Nano" priced at 1 lakh in 2009.