

Business Strategy to Introduce New Product in Competitive Market for Small Scale Industries

Mayur Arjun Nawale¹, Prof. M.R. Nagare²
^{1,2}Veermata Jijabai Technological Institute, Mumbai, INDIA

ABSTRACT

Business Development irrespective of size or any other parameter about organization starts with making a strategy. Introducing new product in competitive market is one of the ways for Small Sale Industries to increase revenue when there is large opportunity identified for that particular product. Opportunity assessment and product discovery are two key points to kick start the new product development. Business strategies are always made perfect at the beginning but when it is about new product introduction it should be prepared well considering all risk factors at the same time. A prior quantitative and qualitative market survey gives all answers when preparing for new product's business. Growth of any business depends on fulfilling market demands by introducing new products since it gives new set of customers to the organization.

Keywords----- Business Development, Market Survey, New Product, Small Scale Industries

I. INTRODUCTION

The growth of any business will always be based on the product portfolio of the industry. And there are lot of parameters like quality, cost, efficiency, user friendliness, etc for a single product which drives the business in competitive market. A business case or plan is always prepared when an organization thinks of developing their business. This plan includes long term objectives and needed actions to achieve these objectives. When it comes to new product's business long term objective can be to be a world leader for that particular technology.

Small Scale Industries (SSI) plays an important role in developing economy of nation. Bigger companies give more importance to strategic management and have their own detailed strategies than SSIs. [1] SSI can make

their identity in competitive market by introducing unique product. To develop and launch the new product, simple and strong business plan is needed so as to achieve desirable success.

There is always potential market available since customers wants or demands are always unlimited. To properly identify the demands and normalize the results some level to develop unique product, market survey plays an important role. To reinvent the product or to make totally new one, market survey gives strong base to decide almost everything of the product as well as for strategy.

II. BUSINESS STRATEGY: DEFINITION Vs REALITY

Strategy is about long term vision. It includes all the future plans which will bring benefits to the organization as well as help to develop business.

A strategy is simply a plan, a plan that describes what an organization proposes to do to achieve a stated mission. [2] The strategy includes three main things i.e. product strategy, marketing strategy and operations strategy. So theoretically business strategy is about to identify your business objectives and deciding where to invest to best achieve those objectives. So investing in new product development to become market leader is one of the ways which SSIs can practice with all homework done prior to the actual implementation. Since it includes lot of risks for SSIs to invest heavily in new product development because of their business size and capital, they should analyze themselves first and create all the plans including exit plan in the new business strategy.

Business model refers to the logic of the firm, the way it operates and how it creates value for its stakeholders. Strategy refers to the choice of business model through which the firm will compete in the marketplace. Tactics refers to the residual choices open to a firm by virtue of the business model that it employs. [3]

Kaplan and Norton (2005) have stated, 95 percent of the staff neither are aware of the organization strategies nor do understand them. Johnson (2004) also believes that 66 percent of the organization strategies are not executed at all. In many cases this is not because of poor strategy and the idea behind them. Many valuable strategies are faced with problem and failure in the implementation stage. [4] This summarizes that implementing a strategy is very much important and critical also. Some of the reasons behind this are complex structures of organization, so here SSIs have advantage since it has simple structure. The strategies can be conveyed to employees in much easy way so implementation can be done thoroughly. Motivation and to buy in stakeholders are key points to implement business strategy in SSIs.

III. MARKET SURVEY: IMPORTANCE IN STRATEGY

A market survey is a systematic collection, recording, analysis and interpretation of data relating to the existing or potential market for a product or services. Market survey is a very important task to initiate business development processes. When it comes to business strategy, market survey helps to collect all information of various aspects of business. After the market survey, the results must be analyzed in order to finalize a business plan.

Market survey provides a strong base for creating a framework of business strategy; it helps in various constraints such as cost of investment, best time to introduce new product, current problems of customers, demographics of market, etc.

Some of key important factors of market survey:

- Help to create tailored solution which will become product in future for targeted market
- Minimizes the risk of non consuming product manufacturing since requirements are listed down after survey
- Help to identify market size and growth so that it can be segmented in future to increase sales.

A business strategy should be based on large data of market survey. It should be not only large but also more informative so as to decide framework of business plan. When there are number of competitors in the same business, market survey gives you feedback about the product itself as well as the services offered by other manufacturers. So the market survey helps in deciding competitive strategy as well.

IV. WHY NEW PRODUCT?

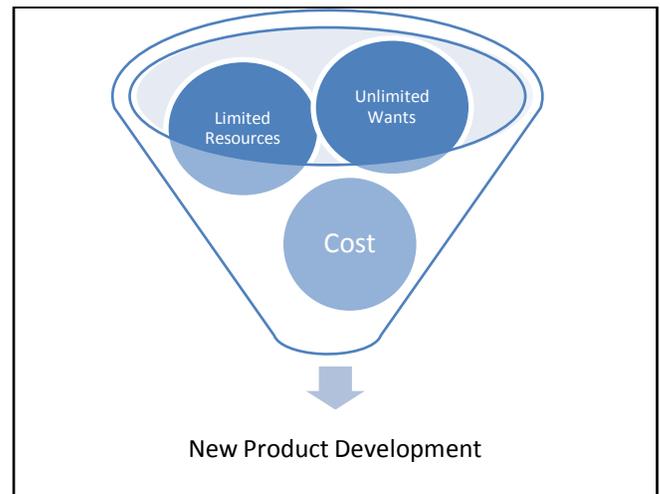


Figure1. New Product Development

Unlimited Wants:

Customers have different problems and thus his wants for product to solve those problems increases as the problem increases. With population growth the needs and wants of people increase leading to the increase in demand for newer products.

New technology and products with its better applications leads to products with superior features than features of existing products for industries. With more and more Research and Development in various fields has lead to smart solutions for industrial products

Limited Resources:

Resources can be mainly classified into two types:

Natural Resources

Human resource

Both this resources are limited and best utilization of these resources leads to better business. New products using latest technology is being invented day by day to gain more value out of the natural resources. Utilization of human resource available with the company to its best will help to keep its business goals in place.

Cost:

Cost is an important factor for the new product development in businesses. At lower cost the demand for the product increases and at higher cost demand decreases. Cost of a new product determines its market share.

A new product with the input from market survey should be introduced in competitive market with:

- Better Quality
- Better Efficiency
- Lower cost
- New Features

For SSIs new product introduction is a key to grab the market share. This new product can become the company's identity if it gets desirable success. It can uplift the overall organization to new level.

V. NEW PRODUCT BUSINESS STRATEGY

A new product business strategy should be totally customer focused. Before starting everything, organization should be clear about customer needs and demands. Some of the important activities to be performed while making business plan are listed below for SSIs:

- Employ a trial strategy in terms of demos, because customers can get idea about the new product and start taking interest in the same.
- Prepare strong marketing plan to launch the new product in effective manner telling benefits to use new product.
- Use Information & Communication Technology to its fullest. For ex. Giving demos through videos on company website.
- Build communication to new customers that will help to buy in them and increase sales of new product.

To introduce the new product in the market it is important to understand the market demand of the product and the market condition.

Competitive market has the following characteristics:

Volatile and Uncertain:

The market demand for products changes with the changing problems of the customer. These changes bring volatility to market and the pattern of sales of product.

Complex and Unstable:

It is very difficult to derive any conclusion as the market is complex with various interlinked variables which lead to changing demand of customers and affect the sales of the company.



Figure2. Business Growth Model

Knowing the customer's needs will help industries to develop a product which can be sold easily. This can be called as opportunity assessment for knowing the right product for the company.

Product Discovery is aimed to know the best features of the product suitable to the customer based on the market survey. In this way the new product will be helpful to the customer as well as increase the business of the company.

This process of new product introduction in the market should be strategically planned and systematically executed.

There is a high competition of newer and better products and hence market survey should be carried out to find the unique selling point for the new product. Thus to grow the business the new product introduction should be strategically planned and market condition should be understood.

VI. CONCLUSION

Business Strategy is about the visions and missions of organization. Though most of the organization doesn't practice making business strategy and following it for now, SSIs can take advantage of making business plans and successfully implement it to overcome the giant companies. New products are always in demand in market because of its unlimited wants, so to increase the business SSIs can work over the technologies to introduce new affordable products in market. This will expand their market share. So proper market survey with all possible samples and appropriate analysis of the same can become strong base to make business case for new product. Also the implementation stage is as important as strategy development stage, so it should be applied in overall organization step by step to achieve desirable long term objectives.

REFERENCES

- [1] Skokan Karel, Pawliczek Adam, Piszczur Radomír, Strategic Planning and Business Performance of Micro, Small and Medium-Sized Enterprises.
- [2] Anthony W. Ulwick, Business strategy formulation: theory, process, and the intellectual revolution, 1957.
- [3] Ramon Casadesus-Masanell and Joan Enric Ricart, From Strategy to Business Models and to Tactics, November 2009.
- [4] Mollahoseini.Ali and Ahmadkhani.Hadi, Surveying and Identifying the Factors Affecting Successful Implementation of Business Strategies in Companies of Fars Province Industrial Towns, International Journal of Business and Social Science Vol. 3 No. 1, January 2012