Success Factors of New Product Development for Industries

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ABSTRACT
This paper describes the success factors for New Product Development. Every industry wishes to increase its product portfolio by developing new products and also gain higher profit through it. The drivers and measures of the success factors affecting new product development are evaluated. Based on which the approach to achieve these success factors is discussed in the paper. Thus New Product Development will be successful if these factors are achieved properly.

Keywords— Market Demand, New Product Development, Success Factors

I. INTRODUCTION
In the increasingly competitive environment in India, the development and launch of new products has become an important competitive tool. New product development (NPD) is an important organizational activity since it provides future business opportunity for the organization. However NPD involves technical, marketing, and financial risks. Thus effective project planning and control are valuable for decision-making. [1]

A new product is designed and marketed by a company after carefully studying the contemporary similar products. The need of a new product is existent always because no ‘Best Product’ is already available in market which can serve the purpose of all customers. But while designing a new product care has to be taken that it is not an over engineered product offering benefits not even desired by the customers and thus resulting into massive piece of work. So to measure on this, we need success factors. Based on which we can say about the success of new product. Therefore careful designing should be done of new product considered under development.

Success of new product in market is crucial to the organization as lots of resources and costs are associated with it. Therefore it is important to carefully study the factors which can lead to success of the product and bring higher sales to the organization.

II. NEW PRODUCT DEVELOPMENT
The continuous development and market introduction of new products is an important determinant of sustained company performance [3]. Although new products open up new opportunities for companies, the substantial risk associated with these new products should not be neglected. Empirical studies thus point to high failure rates of new products, especially in consumer markets [4]. Therefore the factors which lead to success of new product development are all the more important to be known and studied. The overall process of idea generation, product designing and evaluation, marketing plan creation and finally commercialization of a new product is termed as lifecycle of new product development.
III. SUCCESS FACTORS

Market Demand:
Drivers: Customer requirements are the major driver of this factor.
Measures: How much market will be covered after launch of new product which is identified at the time of market survey?

Differential Positioning:
Drivers: Products and their features offered by the competitors.
Measures: Unique features of our product satisfying new demands

Support of Senior Management
Drivers: Investment and resource allocation by top management
Measures: Giving priority to R&D projects

Market Introduction
Drivers: Selecting right time for introduction of product to market
Measures: Sales

Planning
Drivers: Inputs from market survey
Measures: successful completion of pre decided milestones

IV. APPROACH FOR ACHIEVING SUCCESS OF PRODUCT IN MARKET

Market Demand:
The market demand exists when people have problems with the existing methods and techniques of production. Any product can be highly successful if there is a huge market demand for it. If government changes some production norms or rules then the market demand for the product which can comply to those norms comes into existence.

The timing of introduction of product in the market plays a very important role in its success as a product. If the product is released when there is a huge demand of the product then the sales of the product will be higher. Thus the development activity should be planned such that the product is released in the best month of the year to enhance its sales.

Differential Positioning:
For the product to be successful it is necessary that it has some unique futures which are not available in other competitor’s products. To differentiate the product it’s Inessential that it is positioned appropriately according to market type and demand.

Following can be the basis on which product can be positions in market
- Performance
- Price
- Quality

Performance- If this parameter is used to differentiate the product then one or more features of new product should be advance over the existing products in market. Performance also depends on the expectations of the customers, their current problems and desired solution.

Price- The new product’s success depends mostly on this parameter because if the company is able to launch new product with same application and features with lowest cost, it will be a major achievement.

Quality- Quality of an industrial product depends on the quality of raw materials used in it.
Support of Senior Management:
Senior Management should be committed to the process of New Product Development. Without the support of senior management it is not possible to develop the product within the given time, cost and resource constraints.

Senior management has to allocate funds for the R&D activities needed to introduce the product in the market. Thus if senior management is committed to NPD then it is possible that the project will be launched properly and will also be successful.

Market introduction:
To achieve success of the product development project it is important to plan the steps to introduce it in the market. This is vital because this directly increases the chances of the product taking appropriate position and place in the market.

One should run a pilot test on some specific customers to get the feedback from them about the product. This pilot test should be repeated till the product becomes stronger and can achieve place in market without any complaints.

Avoid Temptation:
When a new product is developed there will be temptation to sell it quickly but this temptation should be avoided to obtain a better position in market in a long run. The product should be launched in the market only after running some pilot tests on it and making it error free.

If some flaws are found in the product at a later stage when the product is widely sold to many customers it may lead to serious problems for the company to repair all these sold products and the good idea of the product development will turn into a nightmare.

Training:
For an industrial product to run efficiently training should be given to the persons who are going to operate it daily. This will enhance the usage of the product in the manner it was designed to operate. The customers should know how to operate the product and how to stop it in emergency.

Services:
Service is required after the product is sold to customers. If any problem occurs in the product the company should be able to solve it and give appropriate after sales services to customers. Also stock of components and spare parts of the product should be available with the company so as to replace it.

If any warranty policy is signed with the company, then the company is responsible for giving service to the customer for that warranty period.

Planning:
This is very important for a new product to be launched in market. Adequate planning should be done before the manufacturing of the product is started. Planning includes arrangement of manpower, arrangement of funds, vendor’s selection process, market survey procedures, marketing, advertising etc.

Each and every step of the development process should be planned and milestones should be set. These milestones will be then the target to be achieved while executing the project. Tools and Techniques of Project management should be used to make the plan for product development.

Execution:
Execution of new product development is the process starting from idea generation to launch of the product. It’s important to execute NPD in a manner it is planned to save cost, avoid risks. Closely adhering to the pre decided plan will increase the chances of success of the product.

V. CONCLUSION
Successful products can bring higher revenue and repetitive business to the company. The new product can have various versions in the long run and product portfolio will thus be increased of the company. Customer will be satisfied which will lead to more customers to the company and hence higher sales of the product.

REFERENCES
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[4] Brockhoff 1999b; Crawford 1987; Urban and Hauser 1993
[5] PMBOK Project Management body of Knowledge