



New Product Development: A Review

Mrs. Suman, E mail: golujanjotra05@gmail.com

Abstract

The new product development (NPD) literature emphasizes the importance of introducing new products on the market for continuing business success. Their contributions to the growth of the companies, its influence on profit performance, and its role as a key factor in business planning have been well documented. New products are responsible for employment, economic growth, technological progress, and high standards of living. Therefore, the study of NPD and the processes through which they emerge is important. In the last few decades, the number of new product introductions increased dramatically as the industry became more aware of the importance of new products to business. Correspondingly, managing the NPD process has become a challenge for firms as it requires extensive financial and human resources and is time sensitive. The harsh realities are that the majority of new products never make it to market and those that do face a failure rate somewhere in order of 25 to 45 percent. For every seven new product ideas, about four enter development, one and a half are launched, and only one succeeds.

Keywords: New products, processes, contributions, emphasizes etc.

Introduction

In order to stay successful in the face of maturing products, companies have to obtain new ones by a carefully executed new product development process. But they face a problem: although they must develop new products, the odds weigh heavily against success. Of thousands of products entering the process, only a handful reaches the market. Therefore, it is of crucial importance to understand consumers, markets, and competitors in order to develop products that deliver superior value to customers. In other words, there is no way around a systematic, customer-driven new product development process for finding and growing new products. We will go into the eight major steps in the new product development process.

The 8 steps in the New Product Development Process

1. Idea generation

The new product development process starts with idea generation. Idea generation refers to the systematic search for new-product ideas. Typically, a company generates hundreds of ideas, maybe even thousands, to find a handful of good ones in the end. Two sources of new ideas can be identified:

- Internal idea sources: the company finds new ideas internally. That means R&D, but also contributions from employees.
- External idea sources: the company finds new ideas externally. This refers to all kinds of external sources, e.g. distributors and suppliers, but also competitors. The most important external source are customers, because the new product development process should focus on creating customer value.

2. Idea screening

The next step in the new product development process is idea screening. Idea screening means nothing else than filtering the ideas to pick out good ones. In other words, all ideas generated are screened to spot good ones and drop poor ones as soon as possible. While the purpose of idea generation was to create a large number of ideas, the purpose of the succeeding stages is to reduce that number. The reason is that product development costs rise greatly in later stages. Therefore, the company would like to go ahead

