

NEW PRODUCT DEVELOPMENT: THE FAILURE OR SUCCESS?

Melis uulu Adilet., Aigerim Ismailova.

Scientific Supervisor: senior lecturer Karpova A.Y.; PhD in Sociology

Tomsk Polytechnic University, Russia, Tomsk, Lenin str., 30, 634050

E-mail: adilet.melisov@gmail.com

РАЗРАБОТКА НОВЫХ ПРОДУКТОВ: УСПЕХ ИЛИ НЕУДАЧА?

Мелис уулу Адилет., Айгерим Исмаилова.

Научные руководители: Карпова Анна Юрьевна

кандидат социологических наук .

Национальный исследовательский Томский политехнический университет,

Россия, г. Томск, пр. Ленина, 30, 634050

E-mail: adilet.melisov@gmail.com

Due to the high growth of innovation,
companies should introduce new products
more often than it was several years ago

Engineers think that product is a hierarchical set of systems, at the same time from business prospect product is a set of attributes that satisfy needs of consumers. As for new product development (later NPD), it is a set of activities from identifying a market need to delivery to customers.

NPD development depends from innovation process. Nowadays, due to high growth of innovation, it is a little bit complicated to compete with other companies. Because of this reason, technological market is known to be a tough market to be in.

The strategies of a successful NPD are the following:

- Organization is planning and coordination. Firstly, you should set goals and then coordinate to achieve these goals
- Management is to control process and notice mistakes before they occur
- Improvement, it means you should improve after each product development.

Thus, new product development is an important step in production process.

In the next section we will study why one product have failed and another have succeed.

Innovating and commercializing original products is hard work. Also requires a long, hard and fixedly development process. Every year enormous number of new products delivers to market. Many of these products are subjected to rigorous testing and simply fail while others get a great demand in society. Of course nothing can ensure that new developed product will success in market, the NPD shows the way to eliminate errors to fail from first steps. Generally NPD builds in simple principle and the process shown in the graph below.

In practice, you will notice the greatest demand is balanced products where quality, design and their relation to price equal.

New product development steps

There are five basic steps in a new product development process: Concept, Ideation, Design, Test and Release :

1. **Concept** — The concept step sets basic direction and boundaries for the entire development process by clarifying the type of product, the problem the product solves and the financial and technical goals to be achieved by the product.

2. **Ideation** — During the ideation step the team brainstorms to discover some of the many ways a product can solve the problem and meet internal goals. Ideas are evaluated and the most promising are selected for further investigation.

3. **Design** — It's in this step that the execution of the "best" way to create and construct the product happens. Engineering details are generated to flesh out the high level concepts from the ideation stage.

4. **Test** — Testing verifies if the product meets the original goals or if additional refinement is needed.

5. **Release** — Once testing has confirmed that the product solves the problem and will meet the company goals; it is ready to start the new product introduction (NPI) process and get the product built!

Refuse from innovation leads to collapse?

Today is very cruel laws of the market dictates the rules, and any manufacturer knows that to keep up with the innovations will result in a big tragedy for us. But still there are companies that do not take into account, and this was followed by the collapse of the company.

Do you remember how 10 years ago, we came to a photo print shop, gave the girl on the reception box of the film and said, "Please good ones superbly ?" and almost everyone had a small black camera Kodak.

And where is the Kodak today? For more than a hundred years of the Kodak's strategy of selling where low-cost remained easy to handle cameras and consumables.

In 1976, for example, the company is firmly sitting on 90% of the market imaging films in the United States. And then came the figure, and in the beginning of February 2012 year, Kodak, committed once revolutionized amateur photography can solemnly and sadly declare bankruptcy.

Unfortunately, this is not an isolated case, along many other global giants such as:

- **Parmalat**
- **Singer**
- **Nokia**
- **General Motors**

The mistake the heads of all of these companies was that they did not want to follow the innovations.

THE BENEFITS OF CONTINUOUS IMPROVEMENT

Continuous improvement is the basis of success of a firm and associated with only benefits for a company despite its disadvantage as: when you are thinking about making continuous improvement, do not forget that you have to mobilize large numbers of employees. At the same time for new product development you need only a few selected employees.

Innovation is boosting economy because:

- It creates economic growth and improves living standards of population. Recent researches show that research and development have a positive ranging from 20 per cent to as high as 75 per cent.
- Also innovation leads to positive impact on individuals as consumers and employees. From the side of consumers, they obtain higher quality products and it increases their satisfaction. As a an employee, they receive higher salaries, thus, it boosts economy.

Besides benefits of continuous improvements and innovation, it has negative sides:

- ❖ There is a risk that the market will not accept the product. In order to avoid it, you should make a

market research and understand customer needs

❖ Capital requirement. Innovation demands a big amount money to invest and sometimes it takes a lot of time to get money back. For avoiding it, you should count investments and in what time you will get your money back.

❖ Fast-developing market. In order to be in the path with your competitors you should do continuous improvements and innovation.

Innovation and continuous improvement has more advantages for a firm rather than disadvantages. But before starting innovation you should count your resources and see it is enough to make innovation and improvements. Because innovation and improvement take time.

Facts of Innovation 2014

Actually we have already seen advantages of innovation and improvements, but how much resources are firms paying for it? Are countries paying attention on R&D. Thus, we will try to answer these questions.

Conclusion

In this work we analyzed terminology of product, new product development as well as reasons of failure and success of new product development in companies. By analyzing examples we saw that innovation and new product development are very important for a company to succeed. If a company refuses develop further its product, it could have some problems even it can disappear from a market.

Nowadays consumers are waiting for continuous update of a product and innovation. Moreover, they got used to this tendency. Companies should take it into account if they want to succeed and even survive in a market. Today's realities are showing importance to be fast and adaptive to any changes happening in this world. Thus, it influences not big companies, but also little ones.

By analyzing the current situation, we saw the examples when companies were confident in its competitive advantage, but then they lost it. (Kodak's example). They neglected upcoming opportunities and they were very confident that changes would not influence them. In order to succeed you should have your hand on every upcoming opportunity.

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