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New Product Planning and Development: A Veritable Tool for Competitive Advantage

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Abstract

Product planning and development is the bedrock of any organization. The competitive nature of some organizations requires that managers must introduce new products in order to keep up with rivals. This paper argues, using empirical evidence that the success of any organization will depend on its ability to generate new offerings to take the place of products that no longer produce adequate level of sales. The objective of the paper is to examine the extent of new product planning and development as a veritable tool for competitive advantage in a manufacturing setting. In the study, survey method was mainly employed via questionnaire administration. Findings revealed that increasing and intensive level of competition in the marketing arena and dynamism in the behaviour of consumers mean that organization must continually launch new products and improve the old ones in order to have sustained competitive advantage in their operation.

Introduction

Successful organizations can be traced or linked with successful products. Therefore, new product planning and development can be described as the lifeblood of any business organisation. This point can be supported by the assertion made by Kotler (2000) that consumers and especially industrial consumers want and expect a stream of new and improved products. It is thus becoming increasingly risky for an organisation not to innovate since consumers are continuously expecting new and improved products. Continuous innovation that aimed at meeting changing needs of the consumer is one sure way to avert obsolescence and loss of public confidence in the organization.

Recently, as a result of technological innovation and competition in the market place, established products no longer maintain strong market position permanently. Kotler (2000) posited that there are too many competitors with fast moving research laboratories, sophisticated marketing strategies and large budgets standing ready to woo many customers. This implies that forward looking organizations have now realized that the key to competitive advantage is the continuous development of new and improved products, which are aimed at capturing a large share of the market.

According to Sobowale (1997), every business organization that is operating as a going concern implicitly adopts a competitive strategy whether it is stated explicitly or not. He argues further that strategies for competitive advantages are guides to businesses throughout the universe and will remain so in to the 21st century.

In the light of the foregoing therefore, clear and effective marketing effort is highly needed by organizations in order to succeed nowadays. There is no organization that will fold its hands in this competitive environment without thinking of a well thought out marketing strategy. It is as a result of this that organizations are now intensifying their marketing effort to be a market leader by bringing about new products as a tool.

Theoretical Framework

The Nigerian market provides ample opportunities for the introduction of new products, however, recent marketing strategies called for obtaining the opinion of customer before new products are launched. This implies that products must be developed in line with the specific needs of the customer and at a price they can afford.

Guiltinan and Paul (1983) argued that the process of developing new products is very critical to long-term business success. This is an indication that development of a new product is very essential for organizations future growth and competitive advantage.

A product is any thing that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need (Kotler and Armstrong 1987).

According to Guiltinan and Paul (1983) they defined new product as any product that consumers treat as an addition to the available choices. They argued further that from the perspective of the organization, new products are those products that are new to the company and this covers major modifications of the existing products, duplications of competitors' products, product acquisitions, or innovative original products.

Sampson (1970) viewed new products as: satisfying new needs, wants and desires; possessing outstanding performance in such need satisfactions, compared to any other product; and benefiting from an imaginative combination of product and communication.

Radical new products are relatively rare and it is generally recognised that most new product investigations are concerned with evolutionary development. King's definition established an extreme, a datum and the continuum between evolutionary and revolutionary new products. King's idea was supported by Goulding and Kennedy (1983). According to them evolutionary new products include new pack size/new pack, variant on existing company product, improvement on existing product, etc. In contrast, revolutionary products cover new products and major technological break through.

In the words of Hayhurst (1968), the need for new product is for the improvement of corporate viability. Viscount (1979) maintained that is for "National Prosperity". However, Goulding (1983) claimed that new product development is an elastic means of utilizing a company's strength and changes in the marketing environment to provide a competitive advantage.

Product planning covers all activities that will enable the producer and buyer to determine the type of product line an organization should produce. It consists of determining the goods or services that the organization will market and the characteristics of the goods or services. Cooper (1993) argued that new product account for a staging 40 per cent of company sales, on average. He defines product as 'new' if it has been in the market by that organization for five years or less. This figure has been going up tremendously. By 2003 new products are expected to account for over 55 per cent of company sales.

The competitive nature of organizations requires manufacturers/producers to introduce new products in order to keep up with rivals (Robin 1982). Therefore, manufacturers must generate new offerings to take the place of products that no longer produce adequate level of revenue, since meeting changing needs of customer warrants new product development. The costs for an organization not to embark on new product development in the long run may be substantial (2000).

The introduction of a new product is preceded by a series of important steps: marketing definition and evaluation (Day, Shocker and Srivastava 1979), idea generation and screening (Urban and Hanser 1980), concept evaluation (Hauser and Urban 1977) and pretest market evaluation (Robinson 1981, Silk and Urban 1978) and test marketing. Test markets are used for two purposes: validation of the sales forecasts made at the pretest market stage and evaluation of alternative marketing mixes for the new product (Wind 1982 and Nonyelu 2000).

Objectives of the Study

The objectives of the study are as follows:

1. To examine how research and development unit of a company collect relevant information.
2. To determine the impact of new product development on the achievement of competitive advantage by the organization.
3. To examine whether the introduction of a new product in to the market will enhance the growth and performance of an organization vis-à-vis its competitors.

Methodology

The sample size for this study consists of Global Soap and Detergent Industry staff in Ilorin, Kwara State. The sample was collected via questionnaire this was used as the representative of the whole population. The sample of the study consists of forty-eight organization's staff from Production, Sales, Soap, Detergent Bar, Marketing, Raw Material Store, and Administration Department. To achieve this objective, random and sample method was used.

In this study, data were collected through primary and secondary sources. The primary source is basically questionnaire comprises of a few "open-ended" "closed-ended", "multiple-choice" and "likert type" of questions. The purpose of the open-ended questions was to seek and assess the respondent's views while the close-ended questions were designed to allow for yes or no answer by the respondents. While multiple choice and likert-type questions were designed to assess the degree of intensity in the respondent's feeling about certain phenomena, which could not ordinarily be gathered from closed-ended questions. The only difference between the two approaches was that, in multiple-choice questions, responses were not restricted to one alternative. While, in likert-type questions, respondent's anticipated feelings and perceptions were represented in scales and the choice of response was restricted to one alternative. The secondary source consists of documented information on product planning and development from relevant articles, journals, and textbooks.

Data Presentation and Analysis

This section deals with the presentation and analysis of data collected from the field survey. Simple percentage, mean and standard deviation were used in analyzing data collected.

Section A: Summary of Demographic Characteristics

Question no.	Variable	Sample Size	No. of retrieved questionnaires	%	No. of non responses	%
1.	Sex:	Male	36	34	2	4.17
		female	12	11	1	2.08
2.	Marital status:	Single	27	26	1	2.08
		Married	21	19	2	4.17
		Divorced	-	-	-	-
		Widowed	-	-	-	-
3.	Age:	20-30	08	08	-	-
		31-40	23	23	-	-
		41-50	13	12	1	2.08
		51 and above	04	02	2	4.17
4.	Qualifications:	WASC/GCE O'I	-	-	-	-
		OND/NCE	5	5	-	-
		B.Sc./B.A/HND	29	28	1	2.08
		MBA / MPA	08	08	-	-
		Others	06	04	2	4.17
5.	Length of Service:	Less than 6 yrs	12	12	25	-
		6 – 10 years	26	24	2	4.17
		11 – 15 years	10	09	1	2.08
		16 and above	-	-	-	-

Summary of Research Questions

Variable	Responses	%
6. Which level of management responsible for the decision to develop products that satisfy customers' needs?		
Top level management	27	56.25
Middle level management	12	25.00
Lower level management	05	10.42
7. The competition in your industry necessitates the needs for product development.		
Strongly agree	25	55.6
Agree	10	22.2
Disagree	08	17.8
Strongly disagree	02	4.4
Uncertain	-	-
8. Does your organization 'Test Market' its product at the final stage before launching		
Yes	40	88.89
No	03	6.67
Uncertain	02	4.44
9. Does your organization study the nature of market before embarking on Product Development?		
Yes	43	95.56
No	02	4.44
Uncertain	-	-
10. New product planning and development has assisted your organization to be at the forefront in the industry and has competitive edge		
Strongly agree	20	44.4
Agree	10	22.2
Disagree	08	17.8
Strongly disagree	05	11.1
Uncertain	02	4.4

Source: Researcher's Survey 2003

Results and Discussions

The study seeks to determine the new product planning and development as a veritable tool for competitive advantage using manufacturing industry as a reference point. Analytically, the findings are presented in tables as can be seen in the above table.

The table is divided into two sections; the first section dwells on the demographic characteristics of the respondents. While the second section presents the summary of responses on the subject of the study in respect of new product and development.

A total of forty-eight questionnaires were administered to the Production, Sales, Soap, Detergent Bar, Marketing, Raw Material Store, and Administration Departments of Global Soap and Detergent Industry, Ilorin, Kwara State. The percentages of questionnaires that were completed and returned were 98.8%. The respondents who were randomly selected from these departments/units have their personal bio-data as can be seen from the above table. The study revealed that from the administered questionnaires 70.83% were male while 22.92% were female. This indicates that there were more male than female in the various Departments of the organization.

The study also revealed that the respondents were well educated as such that they would understand the implication of their action. From the table, 58.33% of the respondents possessed B.Sc./B.A/HND, while 16.67% have postgraduate degree. It is obvious from the investigation that the respondents' ages were spread across the organization. From the distribution pattern, 47.92% fell between 13- 40 year and 25% of the respondents were between 41-50 years of age.

As regards to the years of experience, it is observed from the study that majority of the respondents had year of accumulated experience of the functions of the organization and such could definitely make valuable contribution on new product planning and development in the organization.

The result of the findings depicted that top management is responsible for the decision to develop new products. 56.3% of the respondents were in support of this position. 25% of the respondents said that middle level management is responsible for new product planning and development. When these people were interviewed further they claimed that it was the middle level management staff in most cases brings the idea as to embark on new product development. Only 10.42% of the respondents agreed that lower level management is responsible for new product planning and development. The investigation shows that the decision regarding new product and development is not left to the top management alone but there is an input by the other levels of management.

Findings from the study also revealed that due to stiff competition in the industry, the organization must continually improve and develop new product in order to survive. About 55.6% and 22.2% of the respondents strongly agreed and agreed respectively that increasing intensive level of competition in their industry forced them to new product planning and development. While 17.8% and 4.4% disagreed and strongly disagreed respectively. According to this people, they are into new product planning and development because of changes needs of the consumers. They maintained that for any organization to be consumer driven it must response to the changes in taste of the consumer. This is because consumer tastes are not static. One can also conclude that the mean (μ) which is approximately 3 is in line with weighted average allocated to "agree" variable and it has a variance of approximately "1".

The study further revealed that one of the parameters that the organization considered before embarking on the product development is the characteristic of the market.

In this situation, the size and growth of the market are carefully studied and necessary data on customer needs, perceptions, and buying behaviour are closely looked in to before decision on new product planning and development are considered. This is evidence by the respondent views as can be seen in the above table where 95.6% said that their organization adequately studied and monitor the market situation before embarking on new product development. The opinion of the 4.44% that ticked "no" was that the competitors forced them in to product development so that the organization can has closely related products with its competitors. This was further confirmed by the result of standard deviations with the mean (μ) of approximately 3. This is equivalent to the weight score allocated to "Yes". This position has a dispersion of 0.206.

The result of the findings also shows that new product planning and development has assisted their organization to maintain the present position in the industry. 44.4% of the respondents strongly agreed with this, and about 22.2% of the respondents agreed. The views of these people were that product planning and development has tremendously assisted the organization because it enables the organization to compete favourably with other companies in the industry. 17.8% and 11.1% of the respondents disagreed and strongly disagreed with this position. These set of respondents maintained that the present position of the organization is due to other factors such as sales promotion, advertising and publicity.

Conclusion

Growth of any organization depends largely on its ability to surpass its competitors and where competitors is very stiff, an organization has to have capability and competent in developing new products, and manage them effectively.

For any organization to achieve competitive advantage in it new product planning and development, marketing managers must consider a host of factors such as the benefits that products bring to consumers, the objectives of the product planning, the product development process and the use of packaging, labeling and branding. As Courtland and John (1992) put it, organizations that want to meet the needs of their customers and stay a head of their competitors, market more than one product. The most successful organizations are those that take strategic market seriously and strive hard so as to have competitive edge over other organization in the same industry (Duro 1999).

The contemporary views of marketing strategy recognize that one of the approaches to achieving competitive advantages over other competitors is to develop a new product that will be perceived as unique by the customer. It was further noted that competition among organizations and global development as result of advancement of technology could also lead to product development.

The paper established that whenever an organization introduces a new product, it wins a substantial risk if it directly launched into the market without knowing how the public will react to the product. Jerrand (2002) posited that risk in product development is thinking about the possibility of some kind of loss (not necessarily financial), or that something can go wrong. Therefore, test market in advance is often to control or minimize negative results that the new product might face in the market.

It is important to stress that only the organizations that take strategic marketing

seriously and those that strive hard to have competitive advantage in their operation are those that will survive in this century.

Conclusively, organization must pay adequate attention to the evolvement of new products, how these products are delivered and the quality of the new product. Any attempt to ignore any of these important yardsticks will result to giving an edge to competitors.

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