

New Product Development

New Product Development

- *New product development is the process of finding ideas for new goods and services and converting them into commercially successful products.*
- *In business and engineering, new product development (NPD) covers the complete process of bringing a new product to market*
 - **Shapes the company's future.**
 - **Replacement products** must be created to maintain or build sales
 - **Customers want new products,** and competitors will do their best to supply them.

New Product Development

- A company can add new products through acquisition or development:
- Acquisition:
 - The company can **buy** other companies,
 - It can **acquire** patents from other companies,
 - It can **buy a license or franchise** from another company
- Development:
 - The company **can develop new products in its own laboratories.**
 - It can **contract with independent researchers.**

Challenges in New-Product Development

■ The Innovation Imperative

- Highly innovative firms are able to identify and quickly seize new market opportunities.
- Companies that fail to develop new products leave their existing offerings vulnerable

■ New-Product Success

- Most established companies focus on **incremental innovation**, entering new markets by tweaking products for new customers

■ New-Product Failure

- New products continue to fail at estimated rates as high as 50 percent or even 95 percent in the United States and 90 percent in Europe

New Product Development Process



