

# **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



