

THE STRATEGY FOR NEW PRODUCTS – AN IMPORTANT CONDITION FOR THE DEVELOPMENT OF COMPETITIVENESS ENTERPRISES

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Abstract

The specific article refers to the process for the production of new products. In an era that the economic crisis in Greece has limited the available resources of enterprises, it is particularly useful and essential for an enterprise to produce products that will be efficient to improve the competitiveness in order to be able to remain in its position in the market. For this reason, the enterprises should have the potential to create new products and services so that they identify new parts in new markets and changes in the consumers' profile and behavior. A successful new product is due to the existing ideas which originate either from internal either from external sources related to the production, or suitable promotion time and suitable commercial and economic policy that the enterprise should have.

Keywords: *new product, competitiveness, production, models, variables, risk, success*

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1. Introduction

All the programs of parts of an enterprise related to the products are ruled from two basic principles:

First principle: everyone from the data of mix marketing for the products should be consistent with the other.

Second principle: the data of marketing as a total should be consistent with the expectations of market-target (Σιώμκος, 2004, p. 98).

According to Kotler the variables that should be examined for the development of new products in order that they give impetus in development of

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an enterprise competitiveness are: the *mix product* that includes the characteristic of product, the *mix distribution* that includes the channels of distribution, the *mix projection* that includes the advertisement and all relevant actions of sales department and the *mix invoicing* that includes the pricing policy of enterprise related to the new product (Kotler et al., 2009, p. 63).

In today's economic situation, it is very important that an enterprise should proceed in creating new products that will ensure the increase of competitiveness. The topic acquires greater importance due to the fact that the economic crisis has limited the ability of the market to absorb what new comes out in them (Πανσυγκράκης, 1996, p. 491).

2. Definition of product

A product, either it is simple either composite consists of a lot of levels. Traditionally, the product was simply the result of a production process (Kotler et al., 2009, p. 359). **The product** can be defined as a total of uses and benefits. Because of that, we say that the product is not only one material with physical characteristics, but one total perception in the mind of the consumer, which creates a similar expectation satisfaction of needs. According to the marketing, the producer does not sell products but benefits which emanate from the product (Ayers, Dahlstrom, & Skinner, 1997, p. 107-116). The introduction of a new product depends to a great degree on the choices that the enterprise has done in product marketing. So it is obvious that the connection of basic theories of products marketing with the ability of enterprise can determine the frame entrance of a new product in the market.

3. The classification of products

The consumer products according to the way in which the consumers perceive them are divided in a) **convenience products**, b) **choice products** and c) **special products** (Kotler et al., 2009, p. 360-363).

- The **convenience products** are related to cheap products which are bought frequently while the consumer is not given a lot of time and effort to find them.

- The **choice products** are the products for which the consumer is minded to devote more time and effort to their market and are more expensive than the convenience products.

- Finally, the **special products** are the products for which the consumer believes that there are no other substitutes. Regarding those products, the consumer does not make comparisons and the time that they spend to find the point of sale to buy them.

3. The importance of new products

The development of a new product is one of the fundamental processes of an enterprise and consists of a basic source renewal and an improvement in competitive advantage. Certainly, it consists of a dynamic and energetic procedure which requires the combination and exploitation of all possibilities of the enterprise. In order to stay competitive, the enterprises should plan products and services that correspond to the expectations of their clients or anticipate them. Also, every new product should offer something different in relation to similar products that circulate in the market, in order to be acceptable and gain an important market share in the contemporary competitive environment. An enterprise should create and provide competitive products in order to be competitive in the market and broaden its share. I.e., there is a variety of products depending on the preferences of consumers in order to provide better technical characteristics (Rothwell, 1992, p. 221-239). The production of new products of an enterprise can occur in different ways. In the wider sense, it can accrue from a simple desire to try a new series of products or from a firm commitment in the excellent knowledge of recent products or technological development (Bonner, Ruekert, & Walker, 2002, p. 233-245). Another reason for the production of a new product is that changes that are observed at an international level in characteristics of demand refer to the ability of enterprises to change their products and improve their quality. The importance that is attributed to change accrues from the intensification of competition and from the fact that the most products are available in markets in which the consumers have acquired an experience that does them more pretentious. Kotler supports that given the intensity of competition that is observed today in most markets, the companies that are not in a position to create new products are exposed to great dangers. The products that the companies already have are vulnerable to the consumer's changing needs and tastes, new technologies, the life cycle of the product and increasing domestic and foreign competition (Kotler et al., 2009, p. 360-363). Another reason for the production of a new product is to

enable the entrepreneur to always provide the potential buyer with the expected value and satisfaction and to withstand the high competition (Kyurova, 2014, p. 61).

4. The process of creation development of new products

All enterprises created, are active and developed in a dynamic environment that is constantly evolving. The involvement of technology, an increase of competition and the changes in habits of consumers who can be more selective with the passage of time have compelled the enterprises to apply new methods for the development of new products aiming to the best quality with less cost, and as a result, improve the competitiveness of enterprises. The enterprises, in order to secure larger profits and superiority in relation to their competitors, are confronted with the challenges of a) decrease of percentage failure of new products that they create and b) increase of lifetime of their products (Bonner, Ruekert & Walker, 2002, p. 233-245).

Essentially, the process starts with the inevitable end of *life cycle product* that in essence creates the need for consistent creation and introduction of new products in the market. When the product arrives at the end and most consumers do not desire it at this point, the first stage development of a new product that is the stage of *birth ideas* starts. The next stage that follows is the choice and *evaluation of ideas* with three basic criteria evaluation, firstly the ideas should fit in the total strategy of enterprise, secondly, the ideas should “build over in resources of enterprise” and thirdly the idea should satisfy the market. Next, there is the stage of *economic analysis* that makes predictions such as *cost, profit, and performance, sales, budget and appreciation danger*. Then the stage of *development standard* follows. In this stage, the idea is designated as a physical product. The next stage is the *test of the product*. In this stage, the product is controlled in a limited scale: to what extent does it respond to original specifications and to what extent does it cover the needs of the consumer? The stage of *import and marketing* in which the product enters in points of the sale comes next. This stage is very costly because the enterprise can provide important amounts for the promotion of the new product (Τζωρτζάκης, 1998, p. 140). After the integration of procedure that is required so that the product gets its final form, the enterprise applies the pricing strategy that should be understanding of the consumers’ needs. Bergstein and Estelami

(Bergstein & Estelami, 2002, p. 303-318) mention that the greatest challenge that the enterprises confront in launching a new product, in today's competitive market is the determination of selling price.

The development of new products is more resulting when there is a cooperation team project between the research and development department, the mechanic department, the construction department, the market department, marketing, and economics. The idea of the new product should be researched from the marketing point of view and a specific operational team should guide the project during all development. A lot of new products which move from the stage of the idea directly in development with a minimum preparation usually have catastrophic results. A full preparation for the development of a new product can lead to a hundred percent success (Nelson & Winter, 1982).

5. Success factors of new products

A series of research has shown that the most resulting factor for the success of new products is the creation of a new product that is better than the other that circulate in the market made with smaller cost.

The study of Booz, Allen, and Hamilton showed the below seven factors that contribute to successful new products (in parenthesis the response rates in the questionnaire).

- Match of product with the needs of the market (85%)
- Match of product with internal operational abilities of enterprise (62%)
- The technological superiority of the product (52%)
- Support from top management (44%)
- Using of process development of new product (33%)
- Beneficial competitive environment (32%)
- Structure organization of new products (15) (Σιώμκος, 2004, p. 490)
- The opinion of consumers.

De Brentani (1993) studied 106 services and 37 economic institutes. She elaborated four economic factors which had a positive contribution in success and they are the following: an environment which is highly supportive and participatory for the development of new products, a typical and expanded promotion program, a typical initial planning, and evaluation oriented in knowledge process development of new products.

Martin and Home (1995) studied and seek for factors success. In a study with 88 companies they elaborated five factors which were important in relation to the success and they are: direct participation of clients in new products, direct participation of high management in developing a new product, direct participation of personnel that is in contact with the clients, direct participation of personnel that is not in contact with the clients and frequent use of information that comes from the clients.

A research has studied the factors of the import success of a new product that are: factors that differ according to the nature and the size of the enterprise, while other factors can include the branding and the mental abilities of employees. Most researches showed that one of the most important success factors of a new product is the fast and full distribution of the product.

6. The risk in the process of the creation of the new products

The risk has different meanings, according to the framework in which it is applied. Baird and Thomas (1985) identified three stages of strategic risk. In these three distinct stages shared the risk that receives an enterprise for the creation of a new product, i.e. from the arrest of the idea until her conversion in full product.

The first stage is related to the product planning. In this stage, the risk is increased, as a lot of resources (personal infrastructure, capital, etc.) are required for the construction and testing of the effective operation of the prototype until the attainment of the desired result.

In the second stage, the risk refers to the dangers that are related to the acceptance of the product. Finally, in the third stage, the risk refers to the dangers that are related to the availability and promotion of the new product.

Therefore, we can define the withdrawal of risk as “the degree to which the managers are willing to actual extensive and risk-taking commitments resources, i.e. commitments that have severe possibilities of failure”. Both the meaning of a fixed attachment to the borrowing and the resources broad commitment agree with that meaning of taking the risk.

7. The strategic importance of a new product development

A. The meaning of strategic planning

The strategic planning is occupied with the configuration of decisions for the long-term targets of a business. With the strategic planning, the strategic

plans which have a keen extrovert orientation and cover big parts of the business are formed (Johnson & Scholes, 2005, p.15-21). Essentially, the strategic planning examines the future but only in regard to present decisions. The **strategic planning** is the process with which the targets of a business are formed, the politics and programs essential to succeed the specific targets and the methods that are essential to confirm that the politics and the strategic programs are complied with. The strategic planning has a long-term character and the time horizon is from three to five years (Avlonitis, Hart, & Tzokas, 2000, p. 41-56).

B. The strategic importance of launching a new product

The development of new products is the way in which a business uses its experience and abilities to create a new product or improve an existing one. Those businesses invest in the development of new products, they are obligated to decrease the cycle time and development cost without sacrificing the innovation of the new product as the philosophy of "faster-better-cheaper" defines. The creation and production of a new product that fits with the demands of the market are not enough. The business should ensure the flow of raw materials but also ensure the channels of distribution and the relevant points of sale. Even if a product is characterized successful in regards to the consumer's demand, it can fail due to distribution channels (Kim & Wilemon, 2002, p.16-30). At this point, it should be referred that the interest of the retailer plays a decisive role in the success of a new product. The business should produce products that are based on what the retailers expect to be for sale. A danger point is the decision for the entrance or not of the product in the market because the launching of the product is the last decision on process development of the new product (Greenley & Bayus, 1994, p. 5-29).

C. Models of strategic development of a new product

The businesses desire the products that circulate or are set like new, to be accepted by the consumers who have set the profit as their ultimate goal. In order for that to be achieved, it is essential for every business to create and set new products on the market, understand the needs of consumers and offer values and innovations.

The model of Lee and Wong (2010) gives a particular emphasis in terms of the interdisciplinary relations but also the relation of leadership with the

other parts of the business so that the product is a fruit of cooperation between different parts (Lee & Wong, 2010, p. 28-54).

The model of Kotler and Keller (2009) allows us to follow the process flow of the development of a new product so the new product can come out in the market with success. For the successful and long-duration import of a new product according to the model eight steps which should be applied carefully are required and the correct decisions should be taken: The steps of the model are birth ideas, strategy marketing, business plan, development product, test in the market, launching (Kotler et al., 2009, p. 614).

Another model is that of Panizzolo et al. (2010), a model referred to the way that the creation procedure of a new product can have high specifications. The process is related to focusing on the market, to the matters of the production of the product and finally to the procedure control of quality (Panizzolo, Biazzo, & Garengo, 2010, p. 173-194). There are a lot of new products production models in the bibliography which are applied by the businesses.

8. Conclusions

Based on the above we have guided the conclusion that, the continuous development of new products can be accepted generally as a requirement for the development and prosperity of businesses in today's competitive environment. Logically, it is expected that in the economy of services the development of new products is considered an important ingredient of the consistent prosperity and the competitiveness development of a business. From the analysis of researches with different new products development models the conclusion that the need to import new products is consistent results. The innovation in products, mainly in new products, allows the differentiation from competitive products, opens new markets, and improves the competitiveness of business. To conclude we will say that the import of a new product is essential in order for a business to take advantage of opportunities and avoid the dangers that are caused by the competitiveness that prevails in the market.

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