Ch9

A firm can obtain new products in two ways.

1. Acquisition—by buying a whole company, a patent, or a license to produce someone else’s product.
2. New-product development, new *products* are original products, product improvements, product modifications, and new brands that the firm develops through its own research-and-development efforts.

**New-product development process:**

1. Idea Generation- to create a large number of ideas

**Idea generation** is the systematic search for new-product ideas

2. Idea Screening – to reduce the number of ideas

Idea screeninghelps spot good ideas and drop poor

3. Concept Development and Testing – idea, concept, image

A **product idea** is an idea for a possible product that the company can see itself offering to the market.

A **product concept** is a detailed version of the idea stated in meaningful consumer terms.

A **product image** is the way consumers perceive an actual or potential product.

**Concept testing** calls for testing new-product concepts with groups of target consumers. Sometimes, a word description or picture is used

4**. Marketing Strategy Development**

The ***marketing strategy statement*** consists of three parts.

1. A description of the target market; the planned value proposition; and the sales, market share, and profit goals for the first few years.
2. Outline of the product’s planned price, distribution, and marketing budget for the first year.
3. Description of the planned long-run sales, profit goals, and marketing mix strategy.

5. Business Analysis

**Business analysis** involves a review of the sales, costs, and profit projections for a new product to find out whether they satisfy the company’s objectives

6. Product Development

In **product development**, R&D or engineering develops the product concept into a physical product.

7. Test Marketing

**Test marketing** is the stage at which the product and marketing program are introduced into realistic market settings

It tests the product and its entire marketing program– targeting and positioning strategy, advertising, distribution, pricing, branding, packaging and budgeting

8. Commercialization

It willintroduce the new product into the market