

NEED NEW PRODUCT IDEAS?

THEY'RE CLOSER THAN YOU THINK!

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Abstract

There are many sources for new product ideas, and they're often dormant within your own organization. There are internal and external sources that are simple to tap into, and may yield substantial results.

KEY WORDS

Competitors

Sales

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Finance

iPod

Pampers

Variation

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NEW PRODUCT IDEAS

Most products or services don't last forever. "Product life cycle" theory simply notes that a product has a birth, a peak, and a decline, and there are different strategies to employ at each stage of its life as far as marketing support and pricing expectations grow.

Of course, we don't know yet about products that have lasted over 100 years and are still a staple of life, such as the Hershey bar or Coca-Cola. However, VCR's came and went, as did the heyday of vinyl records.

New products play an essential role in large and small organizations. They can replace dying products and promise revenue for the future; they can expand a company's sales, profits and reach; they can augment existing product lines.

A new product can be completely new, or simply an adjustment to an existing product. It can even be a relaunch of an "old" product that may find a new audience.

Examples of truly new products – that not only have helped a company but established new categories – include Pampers, launched 1966 by Proctor and Gamble (Richer Consulting Services, 2014); the VCR – actually invented in 1956, but available on a practical basis to consumers in the late 1970's/early 1980's (WIPO, 2006), the iPod ("Apple presents iPod, 2001") and the incredibly successful iPad ("Apple Launches iPad", 2010). These were all game changers, but note that the VCR followed the life cycle theory, and was replaced by DVD players...no make that DVR's...no, make that services like Netflix...etc.

However, a new product can be simpler. Fab detergent added "real Borax" in 1965...it was a new version of a prior product ("Colgate uses", 1965). iPad 2 and iPad 3 were new products, in the sense that they improved on a prior product.

Relaunching products from the past – old products – become "new" products to an audience that never experienced them before. For example, Bonomo's Turkish taffy, a candy, disappeared for decades, to be relaunched in the early 2000's ("Bonomo's Turkish taffy", 2004). To older consumers, this was the return of an old product...to younger consumers, it was a "new" candy.

NEW PRODUCT IDEAS

What about the Disney movies that you saw in movie theatres as a kid. They were made for you, right? Not quite...*Snow White* was first in theatres in 1938 (*Disney releases snow white and the seven dwarfs*, 2014), but released for new generations as they came into being...*Snow White* was new to them. *Snow White* then moved on to VHS, to DVD, etc.

Thus new products can be truly new, a variation of the old that makes them new, or simply older stuff for a new audience.

With that as a back-drop, where do we find new product ideas? They may be under your nose, right within your company, or may take an external effort. Here are some of the sources:

1. R&D department (if you have one) – this is obvious, and needs little explanation. Simply, it is a group of people that have the ability and inclination to look for something new to offer.
2. Competitors - this is also obvious. What are they doing, can you do it different and better (if you can only copy, you're often down to competing on price)?
3. Focus groups – per the preceding chapter, focus groups are a mechanism to get ideas on product use, ad campaigns, etc. – why not on “I wish I had a????”
4. Sales people – this is one of my favorite sources for ideas. Sales people talk to your customers, often know what's happening on the “street”, and are often first to hear about your competition. They also have ideas of their own based on experience. They do have a bias – what they think they can sell – but that's not all bad.
5. Other employees – you'd be surprised that people in Finance, Manufacturing, HR, etc. may have ideas. When I worked at Bertelsmann Music Group in the 1990's and early 2000's, I'd periodically have a one hour brainstorming session, and these always resulted in the launch of something from the vaults, in a new presentation (to make it seem and actually be “new”). Some companies have a policy of “open innovation”, simply inviting suggestions from all corners of the organization.

NEW PRODUCT IDEAS

6. Consultants (if you have them) – consultants are generally free from daily meetings, reports, and other parts of corporate life...they often have a perspective on what's going on, usually know your company (you hired them), and are worth tapping in to for ideas.

7. Trade shows – these are usually attended by sales people, but trade shows are worth a stop for non-sales people. It's one-stop shopping to see what your competition is showing, what suppliers are showing and talking about, and to get information at meals, cocktail parties, and special events.

8. Suppliers – speaking of suppliers, they are often sources of ideas. After all, they have something to sell you and they'd like to sell you something else. They also get around, not only in your industry but often in others, and have a broad perspective and knowledge as a result.

9. Your customers – as noted, your sales people are talking to customers. Why don't you speak directly to them as well? What are their needs? Their wishes? Their ideas?

10. Research – what are the trends in your industry? What do the tea leaves say? What is coming? Are there opportunities? Are there threats? Is there market research that you can do, or even that you can buy? By the way, don't ignore trade publications, if you're in an industry that has them.

Of course, much of the above comes from a “red ocean” approach (The Center for Strategy and Management, 2014)– existing businesses, competitors, market share, etc. You can also take the more difficult route of coming up with a product or service that is not being offered, and, at least in the short term, has no direct competition. If you recall the iPad in 2010, it was completely new, revolutionary, and there were many “takers” (i.e. consumers willing to pay and use the product). However, it created a category, and now faces competition, as other companies joined in.

One of the biggest mistakes in launching a new product – a really new one as opposed to a simple adjustment to an existing product – is the failure to calculate the true cost of the launch and allocate

NEW PRODUCT IDEAS

the resources for a successful launch. Simply, having the resources to develop the product is just a piece of the total picture: you need the marketing funds/resources to launch it properly. “If you build it, they will come” works occasionally, but not usually, and everything needs to be thought through.

How you launch a new product is another issue. Consumer product companies generally have a product manager or product group, with the task of maneuvering the product successfully through the organization and into the marketplace. Smaller companies may have one person or simply shared responsibilities. The important thing is to define who is doing what, and make sure that the bases are covered.

Once you have a new product idea, it’s always good to bring the finance people in, for a dose of reality. They will look to you for sales projections – highly likely across multiple years – and you should be prepared to look at least the “best case”, “probable case” and “worst case” scenarios. Running a hypothetical P&L (profit and loss projection) is essential, and may become a valuable guide.

If it looks awful the first time out, fear not – you can fine tune pricing, projections, costs, and any other essential elements.

In the new product launch process, there needs to be an internal system of “checks and balances.”

While new products are an essential part of life, unfortunately most of them fail. It is better to “cut bait” than face financial hardship in the marketplace with a product that just doesn’t make it. Conversely, you don’t want to kill off a good product or idea simply because of an internal system that hampers progress.

In looking for new product ideas, the good news is that many potential ideas may be sitting within your organization right now...the mission is to unearth them, identify those with the best potential, and start them on the path to contributing positively to your organization.

NEW PRODUCTS

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