

August 2005

The Experts' FORUM



**FEATURE ARTICLE:
PRODUCT DEVELOPMENT:
A TEMPLATE FOR SUCCESS!**

Product Development: A Template for Success

With millions of food products on grocery store shelves, each one vying for a spot in consumers' shopping carts, the pressure is on to develop innovative products that appeal to a health conscious, active and diverse culture.

You have come up with an idea for a new product that is sure to be profitable to your business. How do you ensure that your ideas are developed properly so that consumers don't just admire its novel packaging but actually take it off the store shelf and bring it home?

This article, developed using the expertise of Cintech Agroalimentaire, outlines a series of steps that should help you with the difficult process of developing and marketing a new food or dairy product. Starting with the business strategy, an overview of the marketplace and the feasibility study requirements, this template then takes you through the labeling, performance review and marketing stages that will help you to ensure that all critical factors for success have been carefully considered.

IDEA DEVELOPMENT PROCESS



1. Idea development

The first step in any product development is of course the idea. It's one thing to have an idea; it's another altogether to develop it. But once you have your idea well established, there are some very important steps to pursue, including the design of a business plan framework which encompasses the development of procedures, milestones to achieve, estimates of financial aid required, and an assessment of training needs.

PRODUCT DEVELOPMENT

Business Analysis

1. Preliminary evaluation of the market

Now that you have developed your idea beyond just the light bulb stage, it's preliminary marketing time. Decisions related to regional/global positioning need to be made. Things like format, prices, quality, packaging and selling points need to be established. Will it be sold in retail stores or available only to hotels, restaurants and other foodservice institutions?

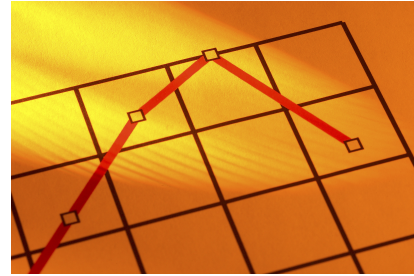
2. Preliminary technical evaluation

Following the market assessment is the technical evaluation. A **technical pre-feasibility analysis** should be completed, enabling you to establish R&D needs along with defined steps to take, such as assessing associated risks, and market and regulations alignment.

If you are in need of financial assistance, such as grants, loans, or tax incentives, this is the time to begin the application process. This ensures that the financial aspect of the project does not hinder the overall development.

3. Market analysis and feasibility study

Based on your preliminary market evaluation, detailed market and feasibility studies are needed. This will help determine your positioning strategy, evaluating the cost of sale and the profit margin. As well, it is an important step in establishing a strategy to present the product to consumers and promoters.



4. Company concept, business model and business plan

This is the document that brings together all the research and preliminary work done so far, including a list of stakeholders who have offered their services. The business plan becomes a guide for the project, a document you refer to and use for information purposes.

Prototype Development

1. Prototype development

Once the idea development process is complete, it's time to develop the product, or at least a sample or prototype of the product. Unless you have your own product development team, you will probably need the help of a food science and technology centre. Your business plan will be very helpful in this part of the process. The preliminary work that you have done will help the consultants gain a better understanding of your product.

Before you can start manufacturing your product, a prototype must be developed. Several decisions should be made at this point, including raw materials, packaging materials, prototype specifications, development of a formulation, lab procedures, identification of critical points, including a HACCP plan, costs of formulation, and packaging and labeling style.

2. Product testing and organization of production

Now that you know who your market is, how you want to position your product, what it's going to cost, and more importantly, what your profit may be, it's time to test the product. This involves quality assurance, quality control, process control, bench top trials, taste-testing and pilot scale trials. Again, you will probably need the assistance of a food science and technology centre, which has all the necessary equipment and expertise to get the job done. This portion of the project could take a few days or a few months.

PRODUCT LAUNCHING

Commercialization

1. External product testing: The Consumer

Testing the product in the lab is an important step, but the one that really counts is product testing with actual consumers. The consumer buys your product, eats your product, and hopefully, recommends your product; therefore, it's important to get the consumer's feedback on every aspect, including taste, appearance, texture, packaging and labeling.



In addition, the information gathered through the consumer testing can become a complementary tool to your presentation strategy when you are trying to sell your product to the big food chains, brokers, buyers, and distributors.

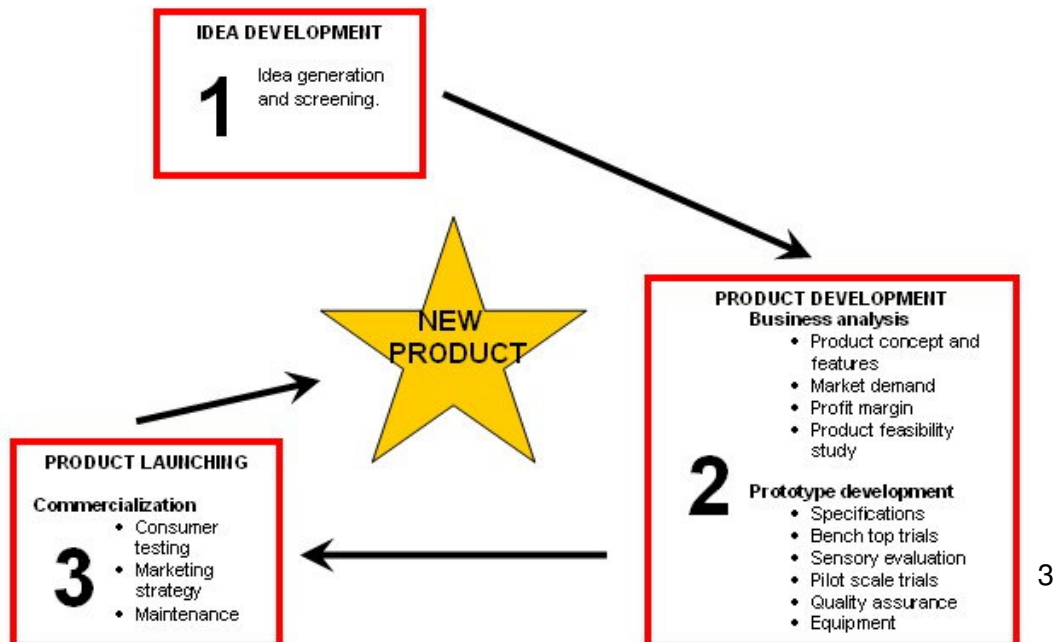
2. Marketing Plan

Your idea has developed into a product that you've tested, and tested, and tested again. There is one last thing to do before you bring it to market: a Marketing Plan. For anyone who has taken "Introduction to Marketing", this is the part that involves the marketing mix: product, positioning, place, price, promotion. These are key areas to plan for when you are preparing to launch a new product.

3. Maintenance

Just because your product is on the market does not mean your job is done. Maintaining quality control, customer service, and distribution strategies on par with your objectives should be a constant. Follow up and follow through are critical to sustaining the initial sales success of your new product. This can be done through audits which can point out where corrective actions need to take place and also help to evaluate critical points.

Product Development Model



Bibliography

Johanne Tanguay (Cintech Agroalimentaire), "Processus de développement de produits", conference presentation, St-Hyacinthe, November 3, 2004.

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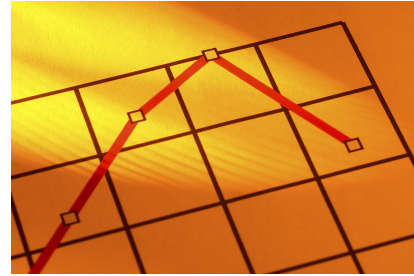
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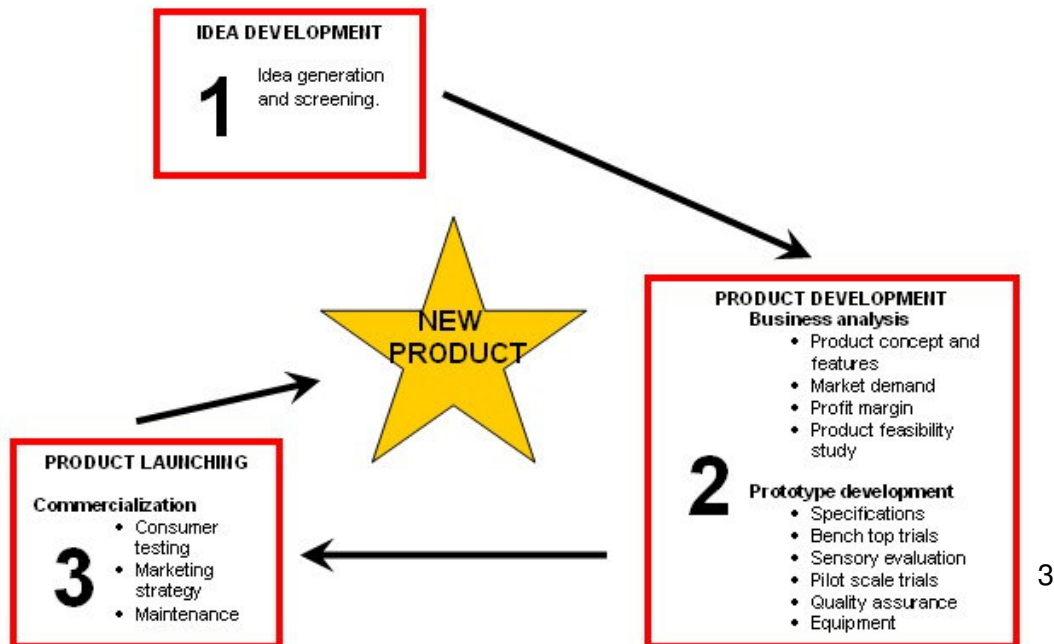
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