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New Product Guidelines

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Introduction

Overwhelmingly, most industry executives will agree that new product development is the key to economic viability and survival. A review of new product introductions during the past decade gives credence to the fact that everyone is searching to meet consumer demand through product innovation. Last year alone, over 25,000 new products were introduced to the marketplace according to industry sources. These products target a wide variety, but growing number of consumer groups, each looking to fill a niche. Recently, new product introductions have been focused on satisfying consumer demands for improved nutritional content, ease of preparation, eat-on-the-go, taste, health benefits, etc. Two of the hottest trends today target ethnic cuisines and functional foods or nutraceuticals. These two broad areas of potential pursue two vastly different demands; one aimed at taste and the other at health. The influx into the United States of immigrants from all over the world has led to a melting of various distinct flavors and preparation methods. Not only are these foods demanded by ethnic groups, but their acceptance by adventurous eaters have led to the development of a major market for Latin, Asian, European, and many other cuisines. In addition, the development and demand for functional foods that meet a specific purpose, health or otherwise, is continuing to grow at a rapid pace.

Getting Started: Product Development Philosophy

Each company that undertakes product development must first formulate their own philosophy as to what product development means to their overall operation and success in the marketplace. In the past, many companies, especially those oriented in the commodity business, developed a system by which operations and sales interacted and thus common products became the staple of business. Operations said, "Here is what we can produce" and sales said, "This is what we can sell." This worked well in the past but lacks the attention demanded by consumers today to remain viable. As the industry grew and learned to be more responsive to their clientele, the function of marketing was added to their management scheme. Although this did not change the relationship between operations and sales, it did, by persuasion, increase the opportunity for increased sales. This was done by convincing consumers that the product was what they needed to fit their lifestyle. As many companies took the approach one step further toward meeting market demand, they added the component of Research and Development (R&D). The function of R&D was to explore the possibility of improving and developing new products which might further stimulate demand when combined with an aggressive sales and marketing program. This approach, utilized heavily throughout the manufacturing industry, has proven to be almost necessary to remain competitive in a product category.

Although the benefit of R&D may be hard to quantify (versus sales or operations), it must justify its existence by providing new viable products, product revisions, technical assistance to other divisions,

cost reduction measures and yield improvements along with labeling assistance. All this must provide a competitive advantage to the company in the marketplace. While many larger companies maintain their own product development teams with highly trained personnel, this is often an expense that most smaller companies cannot afford. However, this by no means implies that smaller companies cannot be competitive in the product development arena. There are numerous resources available, normally at minimal cost or even free, to those in the industry wishing to explore developing a product.

Allied industry suppliers, especially non-meat ingredient companies are interested in getting your business and therefore, eager to assist companies in starting the process. In addition, land-grant universities in most states have faculty and facilities available to assist in the development of value-added products.

Knowing your consumer and customer

One of the biggest flaws in product development is the lack of ability of R&D to offer the consumer, or end-user, something of benefit. In other words, it lacks a reason for being! Without a substantial benefit to the end-user, what good will it do?

In order for R&D to be successful, it is essential that the company know the profile of their target consumer. Some degree of market research is needed to better understand how a product can fulfill a consumer need. This may be a newly identified market need or an established need.

There are several issues to address in getting to know your consumer. These could include identifying the consumer's perceived value, quality and taste, fitting the product to their lifestyle—including convenience and versatility, the possibility of fulfilling a niche for a smaller market and drawing excitement to the product.

Additionally, knowing the customer, the outlet providing the product to the final consumer, is imperative. A supplying company may release a new product, but without customer buy-in the product is worthless. In the foodservice industry, this understanding is the basis for providing a product that fits the menu, theme or industry segment type. Communication with the purchasing customer can provide for a much more effective market rollout.

To be successful, new products must add real variety to the marketplace rather than mimic or copy existing products. In addition, THINK GLOBALLY! As the world becomes further intertwined in market development, it is vital to consider all possible scenarios of product demand. Oftentimes, successful new products either create a new category to fill a consumer need or demand, or they lend improvement to an existing category. This improvement could come in the form of reduced price, enhanced flavor, increased convenience or more consumer friendly packaging. No matter the product, it must offer an advantage over the existing market items. Again, the first step must be understanding and having an objective for what need this product will fulfill.

Creativity

A new product must be creative and innovative enough to provide something the consumer cannot get elsewhere. When searching for creative ideas, it is important to consider all possible avenues. The most successful ideas commonly come from someone outside the organization. Ideas may come from exploring the competition at the local market or reinventing a retail product into a food service item and vice versa. Plant employees are consumers, too! They may have great ideas but never thought anyone cared to know about them. Don't forget to communicate with your customers as they may have inventive solutions. And, no one other than consumers know better what might stir an interest in the marketplace. Regular brainstorming sessions with marketing, sales, production and product development are essential in keeping the creative juices flowing when it comes to meeting, and staying ahead, of consumer demands.

Logistics

Although many good ideas may come to the forefront during a brainstorming session, one issue to keep in mind is the logistics of putting a new product into the marketplace. The concept may be just what the consumer wants or needs, but the questions should be asked, "Are we capable of developing the concept and maintaining the product over a period of five to ten years?"

Logistical questions to ask include: Do we have appropriate production capacity? Where will the product be produced? Do we need a co-packer to produce the product for us? What type of packaging is necessary? If we produce the product, what will be our distribution area? Do we have adequate sales and marketing forces currently employed to handle the product? Do we need to use a broker? Will the product be cost effective to develop? Will the product survive in a limited market? How will the product be distributed? Is it a fresh or frozen product? What is the product shelf life? All these questions and more must be addressed prior to embarking on the establishment of a new product in the marketplace. In addition, these questions should also be considered on a short term and a long-term basis. If the product becomes overwhelmingly popular, how will that affect the management of the product in the future? By attempting to answer many of these questions on the front end of the process, the success rate of the new product will greatly improve.

Additionally, a cost analysis should be conducted in order to determine the commercial viability of the product. Production adaptation changes, raw material and ingredient inputs, labor and marketing support should be evaluated. This logistic is often overlooked and can cause problems in market roll out stages if not properly addressed. Another logistic that is sometimes ignored until late in the process is appropriate packaging. This is one stage that requires operations, marketing and product development staff to work collectively. Packaging is key for attracting consumers, shelf life and portion control issues. Packaging should be incorporated into creative development and logistical analysis of the new product.

Product Development Steps

Once appropriate market research is conducted, an idea is born and the viable idea is agreed upon, the next step is to find somewhere to develop to bench top *prototype*. This allows for the production of small batch sizes and avoids tying up production capacity. If you must use your own facility, do so at a time which will minimize production down time. After the prototype development and production, *evaluate* the product in-house. Does it meet your expectations? Is it what you are shooting for to please consumers? If not (and this is often the case), revise the product until you are satisfied.

Once this is achieved, labels and additional package design can be developed and initially approved by USDA to take to a *focus group* of consumers whom you are targeting. During focus groups, be attuned, and more importantly, receptive to participants' evaluations and criticisms of the product. Remember that you want their input! It will only make the product better. Keep in mind that focus groups can be used at several stages through the product development process such as idea generation, product concept testing as well as actual product prototype testing. Other consumer tests, such as mall intercepts or on-line omnibus surveys, can be used for testing concepts and can yield good information regarding product characteristics.

Again *revise* the product to meet their suggestions. The next step is to conduct a *sensory panel* analysis to ensure the product is acceptable and again, appropriately *revise*. Once this is complete, you are now ready to request *label approval* from USDA and at the same time begin to *develop the ingredient specifications* for suppliers. After this hurdle, you are finally ready for the *plant scale-up* to production size batches. Many times revisions and modifications must be made at this point due to the varying kinetics of various-sized equipment and the need to adjust processing procedures due to batch size and ingredient incorporation. Once this plantscale product is satisfactory, specifications must be finalized and employees trained in product production techniques to assure consistency. The product is now ready for a *market launch*.

It should be pointed out that many of these steps could be accomplished simultaneously and not always specifically in this order.

Product Development Flow Diagram

Market Research
Viable Idea Creation
Prototype Development
In-House Evaluation
Revision
Label Development and Initial Approval
Focus Group
Revision
Sensory Analysis
Revision
Label Approval
Product Specifications
Plant Scale-Up Prototype
Evaluation and Finalize Specifications
In-Plant Production Training
Product Launch with Marketing Support

Product Launch

With an acceptable product now available to meet consumer demands, the true job of attracting consumers begins. Most successful products have an extensive marketing plan in place to promote the product. Product failure is guaranteed if the market clientele is not convinced, through a solid marketing program, that the product is the answer to consumer demand. This marketing plan will vary depending on distribution area and target audience.

In larger, more competitive markets, a sustained advertising or public relations program in conjunction with special product rollout prices may be necessary to break into the marketplace and maintain a substantial share of the market. The tracking of product movement and market share at this point is vital to ascertain the viability of the maintaining a presence in this product category.

Involvement of distribution channels including distributors, retailers and foodservice operators is crucial. Visit with these customers to determine appropriate materials. Consider a test stage for promotional venues, point of sale materials, packaging, pricing evaluation and rebating or couponing. The purchase process as well as repeat purchase must also be evaluated.

Summary

Although you hope that by following the steps in the process you have provided a product that meets consumer demand, don't be afraid to continue to evaluate the acceptability of the product. Additionally, R&D's job is not complete after development and rollout – always look for opportunities for improvements. It is important to remember that consumer demands change and to continue to meet those demands it is vital that we continually reinvent ourselves and the products we supply.

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