

OVERVIEW

New Product in Marketing and Organization of Its Production in Modern Conditions

Authors' Contribution:

- A – Study design;
- B – Data collection;
- C – Statistical analysis;
- D – Data interpretation;
- E – Manuscript preparation;
- F – Literature search;
- G – Funds collection

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Abstract

Background and Aim of Study:

In today's market, there are constantly changing needs of customers, and firms that are considered effective need to carefully monitor the trends in demand and take adequate measures to change the supply by improving old products (quality, attractiveness, price), taking into account the wishes of customers, or creating drastically new products that previously meet the needs. All these actions directly affect the achievement of the main goal of any company – making a profit, and therefore being competitive.

The aim of the study: to analyze a new product in marketing and the organization of its production in modern conditions.

Material and Methods:

In work the method of the comparative analysis is used.

Results:

The main classifications of goods with the author's clarifications and additions of classification features were considered.

Conclusions:

The innovation factor plays a large role in the marketing activities of the company (enterprise). The process of creating a new product consists of several stages: the generation and selection of ideas, the development of the concept of the product and its testing, the development of market strategy, economic analysis, product development, test marketing, commercial implementation. Analysis of the processes of creating new products and practical activities of many enterprises in this direction testifies to numerous failures with a new product. Quality and competitiveness are important characteristics of a product.

Keywords:

new product, market novelty, production, economic feasibility, method, current conditions.

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Introduction

As it is known from the practice of marketing activities, the concept of the product life cycle indicates that the market and wealthy consumers constantly expect a new product. A new product may be an improved version of an existing product or a significant innovation.

In modern conditions – conditions of tough competition in the market, firms (enterprises) are interested in planning new products, since the growth in sales and profits, dependence on the sale of one-product decreases, a positive image of the enterprise-innovator is created.

As international practice shows, only 10% of all new products are truly new, original, and are called products of world originality. The development of such goods, the organization of their production and market entry require high resource costs and are associated with an increased risk. This is one of the reasons why firms (enterprises) most often associate the development of new products with the improvement and modification of existing products (Chebotar et al., 2007).

The relevance of the presented topic is that the market is constantly changing customer needs and firms need to carefully follow the trends in demand and take adequate measures to change the offer – improving old products, taking into account the wishes of customers or the creation of radically new products that previously corresponded to the needs. All these actions directly affect the achievement of the main goal of any firm (enterprise) – making a profit.

The study of the development of a new product involved such scientists: Illiashenko (2005) (questions of marketing product policy); Kardash (2000); Kardash, Pavlenko, and Shafaliuk (2002) (question of product innovation policy); Sumets and Ihnatova (2010) (main directions of product innovation policy in an enterprise taking into account the specifics of the domestic market), and others. At the same time, the problem of creating a new product and the organization of its production in modern conditions, in the opinion of the authors of the article, is little known.

The aim of the study. To analyze a new product in marketing and the organization of its production in modern conditions.

Material and methods

In work the method of the comparative analysis is used.

Results

A commodity is a product of labor made for the purpose of exchange or sale, and not for personal consumption. A commodity can be either a real product or a service or information, as well as labor (labor), land, capital, etc., which, although not products of labor, in conditions of expanded commodity production when it becomes common, turn into goods.

There are various classifications of goods. Consider the main ones (with the author's clarifications and additions of classification features).

1. According to the degree of material tangibility, products of material production; products of spiritual production; services that should be viewed as actions that meet the needs and demands of consumers. They can be divided into tangible, the results of which have a substantive form, and intangible.

2. According to the degree of durability: durable goods, of course, withstand repeated use; short-term goods – material products, fully consumed in one or several cycles of use.

3. According to the nature of the final use: consumer goods; consumer goods; pre-selected items; special products; passive demand goods, i.e. goods about which the consumer does not know, knows, but does not think much about their use; services: personal, rental, public; industrial goods; raw materials – products of nature and man-made and anthropogenic activities, intended for further use; semi-finished products – the final results of certain activities that are to be further used for the manufacture of certain products; materials – the results of raw materials processing are intended for the manufacture of products; fuel and lubricants; parts and assemblies – component parts of finished products; capital equipment, it does not change in the production process and is not present in the finished product; ancillary equipment includes movable plant property; auxiliary products and consumables that are not explicitly present in the finished products; information products; services: manufacturing, auxiliary, distribution, engineering and reengineering services, advertising, banking, insurance, leasing; services – for management, marketing, personnel, production, finance, logistics, research, etc. (Illiashenko, 2005).

For the production and sale of such goods, a marketing product policy is used – this is a set of measures to form an effective, from a commercial point of view, assortment aimed at improving the competitiveness of products, creating new products, optimizing the range, extending the product life cycle.

One of the important components of the company's product policy is the development of new products. The ability to create new products are the hallmark of effectively operating firms (enterprises), focused on marketing.

The need for a new product, as a replacement for the old, for the sustainable economic development of firms (enterprises) is associated with the following circumstances: new products help stabilize sales and expenses throughout the year, which is especially important for companies with seasonal nature of production; new products provide the company with greater profits and increase the effectiveness of marketing programs; there is the possibility of rational use of waste existing production; the firm (enterprise) receives a tool for rapid response to changing demographic characteristics of consumers and changes in lifestyle (Kardash, 2000).

A new product is the result of a creative search; it significantly improves solutions to a specific consumer problem or problem that was not previously solved. Many definitions are connected with the concept of a

new product, which mainly go beyond the following criteria: purely temporary signs, when for the first time each product is attributed to a new product by a firm (enterprise); the possibility of generating and meeting the goods previously unknown needs; the presence in the product of progressive changes that distinguish the product from its analogues and prototypes.

These changes may concern raw materials, materials, design, technology, appearance. It is very important that they take into account not individual criteria, but their totality: a change in appearance, a partial change in consumer properties due to improved technical characteristics (but without fundamental changes in production technology), the creation of goods, has no analogues.

According to the level of market novelty, there is a completely new (pioneer) and improved product. A pioneer product turns some dream into reality, and a rather rare exception. In the entire history of mankind, about 200-300 such goods appeared. An improved product increases the use value of products (services) that have previously met certain needs. The main efforts of marketers should be aimed precisely at creating a "product of market novelty". It should satisfy either completely new needs, or more effectively satisfy a previously known need, increasing the number of consumers.

The creation of a new product must be preceded by an assessment of: the scope of possible use, the number and composition of potential buyers; available production and marketing resources; business risks and the likelihood of competing a new product with those that are already produced by the enterprise.

An important question is the level of product unification. It is very attractive to create a standard product for all markets. This provides a number of undeniable advantages, namely: significant cost savings due to increased production volumes; simplification of control over the movement of stocks and the organization of technical services; the possibility of developing standard marketing programs; ensuring quick return on investment.

It must be borne in mind that the creation of a new product is a complex and multilevel process of applying special knowledge, experience, methods and means to achieve a certain goal. A new product is always the result of changes in the material and technological levels of production and its regulatory support, and therefore belongs to the field of project management (Kardash, Pavlenko, and Shafaliuk, 2002).

In connection with the above, an important issue is the organization of the production of a new product. A derivative of this issue is the development of a program for entering the market with goods and the limited inclusion of new items in the existing product range of a company (enterprise). In the course of these works, the following specific issues are resolved:

1. What distribution channels will be used to market a new product? Ideally, these are the same channels that are used by the firm (enterprise) for the sale of other goods. The organizers of this work need to keep in mind that a new product can be designed for a different

circle of customers; it requires a completely different approach in terms of the organization and technology of its sales.

2. What place should take the product within the existing range? A new product can either be a full-fledged addition to the existing range and give the company's product line (enterprise) an increased attractiveness in the eyes of potential buyers, or replace one of the old products, performing the same functions in a more efficient way.

3. What price should be set on a new product and which should be the general direction of the pricing policy in relation to the new product? At the same time, such situations can affect the pricing problem: the product appears as something independent, and not with the aim of replacing any product, was produced before or is being manufactured now; the product is intended to replace the old one, which has a certain price and is subject to a certain price policy.

Before the developer of a new product, there are two alternative tasks, namely: to establish the highest price in order to have time to fully compensate for the costs of its creation and the technological equipment necessary for its production during a certain time, when there is still no serious competition, if the new product is extremely attractive and there is a demand for it; set the price at such a level so that it remains unchanged even in the presence of competition.

4. What policies need to be followed regarding the level of inventories of new items? These reserves should be sufficient to fully meet the unconscious and not yet a certain demand. On the other hand, the stock should be minimal so that in case of failure of the goods, the company would not be in serious condition, having associated large funds with the creation of these stocks (Sumets and Inhatova, 2010).

The process of creating a new product in modern conditions has a certain sequence and in general several main stages can be distinguished (Figure 1).

1. Generating ideas.

Ideas of new products arise either in the process of targeted search, or by chance. Purposeful search for ideas of a new product is based on the use of common methods of scientific and technical activities: prognostic, logistic, inversion and combination.

The search for new product ideas is encouraged by the leadership of firms (enterprises). The group or department develops a new product, is well funded, has great powers, in particular the right to acquire patents, new technologies, the creation of pilot plants, and consulting with other firms. The task of experts is to seize the ideas of goods, potentially associated with too much risk of commercial failure.

2. Preliminary analysis of production and marketing opportunities.

At this stage, find out the compatibility of the idea of the product with the current production and marketing activities of the company (enterprise), that is, the relationship of the new product in terms of technology and marketing principles with the products, products. The sufficiency of production capacities, material and labor resources for the development of the goods is analyzed.

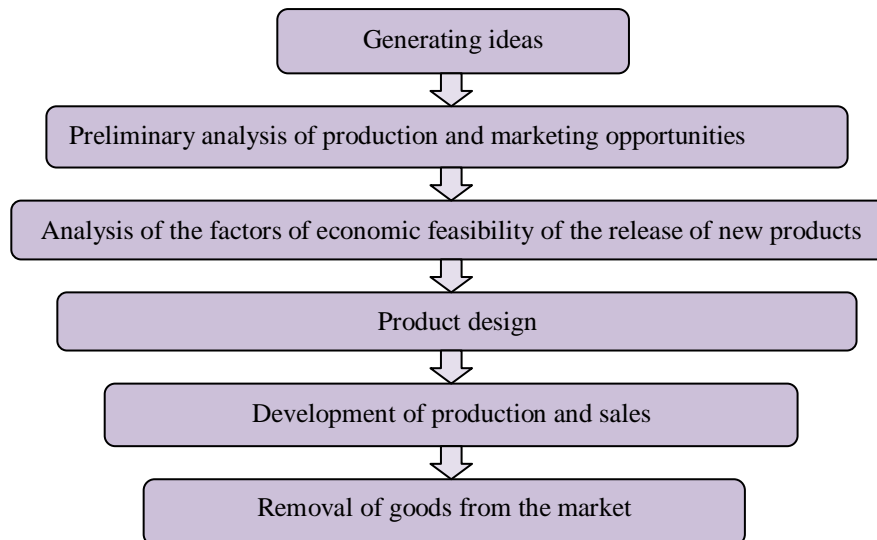


Figure 1. The stages of creating a new product

You should also check the sources of supply of materials and components (components); assess the capacity of the market, difficulties in penetrating it, the intensity of competition, the possibility of using old sales channels or organizing new ones and the like.

3. Analysis of the factors of economic feasibility of the release of new products.

To this end, one should take into account: demand forecasts (the ratio of sales volumes and prices, sales growth rates, seasonality, intensity of sales channels); cost projections (total and relative costs, use of existing facilities and resources, the ratio of initial and current costs, estimation of future costs of material and technical resources, savings in conditions of mass production, the needs of distribution channels, expected payback) competition (potential competitors, indicators of the company's share and its competitors in the market, the strengths and weaknesses of the competitors, the strategy of the competitors) the necessary investments (engineering, patent search, product development, testing); profitability (when covering initial expenses, forecast profit, price control, risk).

All this together makes a decision on the feasibility of releasing a new product.

4. Designing goods.

At this stage, the product itself, its parameters, design, packaging, designate the name or brand of the product, design prototypes. As a rule, the source document for product design is the technical task (TK) with technical and economic requirements (TeV) for products, which determine its consumer properties and efficiency of use.

Directly project documentation considers the technical proposal; preliminary design; technical project. The technical proposal is being developed in order to identify additional or updated product requirements that were not specified in the ToR. After preliminary consideration and approval, the technical proposal becomes the basis for the development of a draft design.

A sketch project is being developed with the aim of defining principal (constructive, schematic) product

solutions that give a general idea of the principles of its operation and construction. This document precedes the technical project or design documentation.

The engineering solutions available in the technical project give an already comprehensive idea of the product design. If necessary, the project may include the development of several versions of the product and its component parts.

Testing of prototypes occurs first on the stands of the manufacturer, then in real conditions of use by the consumer. As a rule, under the test understand the experimental definition (evaluation, control) of the quantitative and qualitative characteristics of the object and their changes due to the influence of actual operating conditions. Based on the data obtained the completion of the goods. By the beginning of full-scale production and sales of products, some modern firms (enterprises) practice test marketing. His goal is to evaluate products and pre-test marketing activities in real conditions.

5. Development of production and sales.

At this stage, a detailed production plan is developed. The sources of supply with materials, components, equipment are investigated, working drawings are prepared, goods are launched into production. In parallel, measures are being developed for sales, from advertising to organizing technical services.

In modern conditions, all stages of planning new products should be carried out as quickly as possible, since it is possible to lose your market share as a result of the actions of competitors. Reduction of terms of development increases the competitiveness of firms (enterprises). The main conditions for the commercial success of new products can be: orientation to market needs, the availability of sufficient and timely information on market demand trends; active interaction between research and development departments and marketing services; the presence of long-term plans, well-defined goals for the firm (enterprise); the ability to anticipate the situation in the long term; rational organizational structure, powerful research and marketing potential, adequate funding for design work; effective coordination of the interaction

of people involved in the development of a new product, the presence of a leader, stimulating creative activity.

In modern conditions, a lot of attention in the product policy of the company (enterprise) pay design. Design is an integral part of product design. It helps to ensure the comfort of using the product. The latter is achieved by the provision of a product of artistic expressiveness, a harmoniously integral form and other signs that best meet the conditions for its intended use. Therefore, in firms (enterprises) of marketing orientation, designers play a leading role in the process of developing new products.

The economic efficiency of business activities of firms (enterprises) of marketing orientation largely depends on innovative activity, that is, the creation and introduction of new products, on average, provides 30% more profit than the traditional one (Sumets and Ihnatova, 2010).

Working in modern conditions on the creation of a new high-tech and high-tech products, you should take into account: the purpose and area of use of products; demand features; main export and import countries; capacity of manufacturers of similar products; nomenclature (range) of analogues; basic information about production technology; possible qualitative changes in the commodity mass in the future; the possible impact of scientific and technological progress on products manufactured; analysis of patent and licensing activities of leading firms in the world market.

Together with the above, the elements of the external environment are also carefully considered: competition, institutional factors, the legal system (especially for export products).

As practice shows, in modern conditions the creation of new products and technologies is associated with high costs and risks. The following principles contribute to reducing the latter: innovation should be based on long-term targeted and strategic planning; the size, structure, financial capabilities of the firm (enterprise) should be sufficient for the implementation of innovative activities; There should be a constant exchange of information with consumers and experts for the timely identification of new needs; New products (goods) must be different from competing ones.

The current stage of marketing development, under conditions, implies the active participation of its specialists at all stages of creating an innovative product or product (Table 1).

An important element in the implementation of an innovative product or product is its marketing.

The growth rate of sales of new products and their achieved level depend on two components of consumer behavior: recognition and distribution. The recognition process is associated with the sequence of conclusions and consumer behavior; they learn and buy a new product. It consists of five stages: knowledge – the consumer learns about the availability of a product (product) and gets a certain idea of its functioning; conviction – the consumer creates a favorable or negative attitude towards the product; decision – the

consumer acts in the direction of choosing or rejecting the goods; implementation – the consumer uses the product or product; confirmation – the consumer is looking for reinforcement of his own decision and can change it if he finds unfavorable information.

6. At the last stage of the life cycle of creating a new product (Figure 1), the question arises of withdrawing goods from the market. World experience shows that in this case the most effective is a systematic phased approach: to determine the goods to be seized; collect and analyze information about these products; make a decision on seizure; attracts goods from the company's nomenclature.

In a modern market economy, the risk of failure of a new product or product has somewhat decreased, but this possibility remains a constant threat to the economic activities of firms (enterprises) of marketing orientation. Commercial failure of a new product (products) can be absolute and relative. The most significant reasons for absolute and relative failures with a new product include: the lack of good consumer benefits; poor planning; errors in choosing the time to enter the market with a new product; excessive enthusiasm for supporters of novation, does not correspond to the real characteristics of the product.

Conclusions

So, based on the above, we can conclude:

1. The innovation factor plays a large role in the marketing activities of the company (enterprise). Although the development and launch of new products on the market requires significant funds and is associated with risk, without it is impossible to maintain a competitive position in the market.

2. The process of creating a new product consists of several stages: the generation and selection of ideas, the development of the concept of the product and its testing, the development of market strategy, economic analysis, product development, test marketing, commercial implementation. Each stage has the goal of deciding on sifting off weak ideas and deepening developing promising.

3. Analysis of the processes of creating new products and practical activities of many enterprises in this direction testifies to numerous failures with a new product. Therefore, it is important to determine those factors that have the effect of the success or failure of a new product.

4. Quality and competitiveness are important characteristics of a product. These closely related concepts are not identified. Quality is the basis of competitiveness, but the latter takes into account the specific conditions of this market in a certain period of time and is determined relative to other products.

Further areas of research come out of the main reasons for the failure of new products: 1) an incomplete understanding of the needs and requirements of consumers in the target market; 2) wrong product positioning; 3) unsatisfactory quality level through the production and financial problems of the company; 4) shortening the product life cycle; 5) insufficient consideration of existing competition.

To eliminate these failures, the marketing research process should be improved.

Table 1. Participation of marketing staff in an innovative product project.

Stages of the innovation project	Level of participation and responsibility of the marketing service
Target definition	Coordination
Generating ideas	Responsibility
Choosing a promising idea	Responsibility
Development of the concept of a new product and project	Coordination
Product concept evaluation	Coordination
Market research and marketing planning	Responsibility
Pilot production	Coordination
Current product rating	Responsibility
Market tests	Responsibility
Commercial production	Responsibility
Sales	Responsibility

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Новий продукт у маркетингу та організації його виробництва в сучасних умовах

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Вступ: На сьогоднішньому ринку постійно змінюються потреби споживачів, і фірми, які вважаються ефективними, повинні ретельно стежити за тенденціями у попиту та вживати належних заходів для зміни пропозиції через покращення старих продуктів (якість, привабливість, ціна) з урахуванням побажань клієнтів або створення радикально нових продуктів, які раніше задовольняли потреби. Всі ці дії безпосередньо впливають на досягнення основної мети будь-якої компанії – отримання прибутку, а отже, конкурентоспроможність.

Мета дослідження: Проаналізувати новий продукт у сфері маркетингу та організацію його виробництва в сучасних умовах. **Матеріали та методи:** У роботі використовується метод порівняльного аналізу. **Результати:** Розглянуто основні класифікації товарів з авторськими роз'ясненнями та доповненнями класифікаційних ознак. **Висновки:** Інноваційний фактор відіграє велику роль у маркетинговій діяльності компанії (підприємства). Процес створення нового продукту складається з декількох етапів: генерації та вибору ідей, розробки концепції продукту та його тестування, розробки ринкової стратегії, економічного аналізу, розробки продуктів, тестового маркетингу, комерційного впровадження. Аналіз процесів створення нових продуктів та практичної діяльності багатьох підприємств у цьому напрямку свідчить про численні невдачі з новим продуктом. Якість та конкурентоспроможність є важливими характеристиками продукту.

Ключові слова: новий продукт, новинка ринку, продукція, економічна доцільність, метод, сучасні умови.

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