Innovation Strategies of New Product Development (NPD)

Preecha Chaochotechuang, Bangkok University, Bangkok, Thailand
Farhad Daneshgar, IKI-SEA, School of Business, Bangkok, Thailand
Stavros Sindakis, IKI-SEA, School of Business, Bangkok, Thailand

ABSTRACT

Current literature indicates a high rate of New Product Development (NDP) failure. Many believe that the main reason behind such failures is the way the NPD process is managed. This includes a lack of clear project definition, too much focus on internal processes and procedures ignoring customer needs and requirements, lack of communication and knowledge transfer among various people within the organization, etc. The current study provides an analytical tool in the form of a two dimensional matrix that maps various stages of the NPD process to the existing innovation strategies. This analytical tool can then be used by business analysts to assess the degree of innovativeness of various activities involved in NPD process, as a basis for enhancing the effectiveness of the overall product development initiatives.

Keywords: Innovation Strategy, New Product Development, New Product Development Activities, New Product Development Strategy

DOI: 10.4018/IJKSS.2015040104
INTRODUCTION AND BACKGROUND

This paper is part of a larger project that investigates successful NPD strategies. The paper aims to develop an analytical tool for assessing the innovativeness of various activities of the NPD process. Several studies highlight the importance of NPD projects to the survival, growth, and sustainability of firms (Birou & Fawcett, 1994; Brown & Eisenhardt, 1995; Herrmann et al., 2007; Koufteros et al., 2005b; Maidique & Zirger, 1984; Mu et al., 2009; Rogers & Everett, 1983; Zhao, 2001) and emphasize the need for innovative methodologies for tackling the current high rate of NPD project failures. The latter being a major challenge for both business practitioners and academics. This paper ventures into theorizing of innovation strategy alignment with various stages of NPD process, and aims to raise awareness and understanding about the adoption of innovation strategies in the practice of NPD.

The current literature on new product development indicates that firms pay more attention to developing new products so that they are in a better position to survive, grow, and prosper (Bhuiyan, 2013; Mu et al., 2009). The importance of new products to the success of firms has resulted in dramatic increases in the number of new products being introduced in the last few decades (Bhuiyan, 2013). In addition, firms that look for future market opportunities treat NPD as a strategic, long-term endeavor that provides the firms with competitive advantages (Kahn et al., 2012). However, NPD is a risky business and the rates of failure are high ranging from 30 per cent to as high as 95 per cent, with an average of 38 per cent (Cooper & Edgett, 2008). Similarly, Liberatore and Stylianou (1995) argue that only one out of every seven concepts that enter the NPD process becomes a commercial success, while as much as half of the resources allocated to NPD projects in the U.S. lead to canceled or failed products. Carbone (2011b) claims that based on figures released from Product Development Management Association (PDMA) in the U.S., the success rate of products released to the market is below 60 per cent.

The high rates of failure in NPD projects have motivated several researchers to investigate the reasons contributing to the failure. A review of the literature by (Cormican & O’Sullivan, 2004) has identified several reasons for the failure, including: firms’ preoccupation with internal processes and procedures instead of focusing on customer’s needs; lack of shared understanding among product innovation team members who come from different functional units; lack of alignment between NPD projects and firm’s strategic direction; ineffective communication and knowledge transfer from project to project. In contrast, (Billah, 2012) has found that the main reasons behind the failure in new products are: weak market positioning; low product...
Related Content

A Novel Puzzle Based Compaction (PBC) Strategy for Enhancing the Utilization of Reconfigurable Resources
www.igi-global.com/article/novel-puzzle-based-compaction-pbc/49136?camid=4v1a

The Knowledge Society Applications: The RRR Language Machines
www.igi-global.com/chapter/knowledge-society-applications/28319?camid=4v1a

Innovation Strategies of New Product Development (NPD)
www.igi-global.com/article/innovation-strategies-of-new-product-development-npd/129084?camid=4v1a
Portfolio Optimization Using Evolutionary Algorithms
www.igi-global.com/chapter/portfolio-optimization-using-evolutionary-algorithms/28381?camid=4v1a