**FOOD PRODUCT DEVELOPMENT**

**PRODUCT**

A product is an object or system made available for consumer use; it is anything that can be offered to a market to satisfy the desire or need of a customer.

A product can be classified as [tangible](https://en.wikipedia.org/wiki/Tangible_asset) or [intangible](https://en.wikipedia.org/wiki/Intangible_asset).

A tangible product is a physical object that can be perceived by touch such as a building, vehicle, gadget, or clothing.

An intangible product is a product that can only be perceived indirectly such as an insurance policy. [Services](https://en.wikipedia.org/wiki/Service_%28economics%29) can be broadly classified under intangible products which can be durable or non durable.

Why Develop New Products For Your Business??

Every business needs to innovate to stay ahead of the competition. No business can continue to offer the same unchanged product; otherwise sales would decrease and profits reduced. So every business introduce new products time to time

1. **Consumer Needs and Wants Change**

Consumer "needs and wants" continuously change. Firms should respond to these changes through their products and services. Otherwise consumers will switch to competitor products that satisfy their "needs and wants". For example consumers are becoming more health conscious, this is forcing companies to introduce low sugar, salt and fat products. Coca-Cola Zero which contains no sugar is a classic example of new product development even though Coca-Cola's existing product range already contained diet coke. Both diet coke and Coca-Cola Zero contain no sugar but they taste different.

1. **Product Reaches The End Of Its Product Life Cycle**

The product maybe at the end of its [Product Life Cycle](https://learnmarketing.net/productlifecycle.htm), so the company may introduce new and improved updated versions.

1. **Environmental Changes**

There may be environmental changes which the company wants to capitalise on. Marking of any ingredient as non halal. Or increase in cost/ prices of ingredients.

1. **Competitors**

Competitors may force change. If a product is successful then competitors will attempt to develop similar products.

1. **All Products Experiencing Problems**

If all of your products are experiencing poor sales or suffering from a negative reputation it is time to change your product offering.

New product development is an essential activity for all businesses. It helps business to stay ahead of the competition. If company do not develop new products someone else will and steal all of its customers. The number of businesses that have gone into administration during the current world recession demonstrate the importance of change management.

**KEY AREAS OF NEW PRODUCT DEVELOPMENT**

Following are key areas of new product development

1. Producing convenient food in response to change in lifestyle
2. Providing products with altered nutritional contents following the increasing public interest in nutrition, diet and health.
3. Increasing the variety of products available to provide more choice.
4. Producing economy lines to appeal people on lower income.
5. Appealing to the luxury market to attract more effluent customers of those to which to give an impression of status.
6. Maintaining and improving product quality to retain customer loyality.

**HOW PRODUCT FAILS**

Many products will not make it through final launch but fail at earlier stages of development. For every 100 ideas approximately 10 products are launched giving 90% failure rate. A year later only 1 product these 10 products will still be on sale. Following are the main reasons of failure

* Tough competition
* Unsatisfactory distribution
* Low profit
* In effective advertisement
* Rising cost of ingredients
* Environmental concerns
* Bad timing
* Too innovative
* Poor product positioning on shelf

**PRODUCT LIFE CYCLE**

As consumers, we buy millions of products every year. And just like us, these products have a life cycle. Older, long-established products eventually become less popular, while in contrast, the demand for new, more modern goods usually increases quite rapidly after they are launched. Because most companies understand the different product life cycle stages, and that the products they sell all have a limited lifespan, the majority of them will invest heavily in new product development in order to make sure that their businesses continue to grow.

The product life cycle has 4 very clearly defined stages, each with its own characteristics that mean different things for business that are trying to manage the life cycle of their particular products.

[**Introduction Stage**](https://productlifecyclestages.com/product-life-cycle-stages/introduction/)

 This stage of the cycle could be the most expensive for a company launching a new product. cost of things like research and development, consumer testing, and the marketing needed to launch the product can be very high, especially if it’s a competitive sector.

**Growth stage**

At this stage products start to target the audience and start earning some of the profit. But at this stage profit is less than the cost of investment.

**Maturity stage**

During the maturity stage, the product is established and the aim for the manufacturer is now to maintain the market share they have built up. At this stage the profit obtained by the product has overcome its cost of production.

In other words this stage has maximum profit.

**Decline stage**

Eventually, the market for a product will start to shrink, and this is what’s known as the decline stage. This shrinkage could be due to the market becoming saturated (i.e. all the customers who will buy the product have already purchased it), or because the consumers are switching to a different type of product.



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