

Product Planning and Development Step

1. Generation of New Product Ideas
2. Screening of Ideas
3. Product Concept Development
4. Commercial Feasibility
5. Product Development
6. Test Marketing
7. Commercialisation.

1. Generation of New Product Ideas:

The first step in product planning and development is generation of ideas for the development of new/innovative products.

Ideas may come from internal sources like company's own Research and Development (R&D) department, managers, sales-force personnel etc.; or from external sources like, customers, dealers, competitors, consultants, scientists etc.

At this stage, the intention of management is to generate more and more new and better product ideas; so that the most practical and profitable ideas may be screened subsequently.

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2. Screening of Ideas:

Screening of ideas means a close and detailed examination of ideas, to determine which of the ideas have potential and are capable of making significant contribution to marketing objectives. In fact, generation of ideas is not that significant as the system for screening the generated ideas.

The ideas should be screened properly; as any idea passing this stage would cost the firm in terms of time, money and efforts, at subsequent stages in product planning and development.

Product Planning and Development Step # 3. Product Concept Development:

Those product ideas which clear the screening stage must be developed into a product concept – identifying physical features, benefits, price etc. of the product. At this stage product idea is transformed into a product concept i.e. a product which target market will accept.

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4. Commercial Feasibility:

At this stage, the purpose is to determine whether the proposed product idea is commercially feasible, in terms of demand potential and the costs of production and marketing. Management must also ensure that product concept is compatible with the resources of the organization technological, human and financial.

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5. Product Development:

Product development encompasses the technical activities of engineering and design. At this stage, the engineering department converts the product concept into a concrete form of product in view of the required size, shape, design, weight, colour etc. of the product concept.

A model or prototype of the product is manufactured on a limited scale. Decisions are also made with regard to packaging, brand name, label etc. of the product.

Product Planning and Development Step # 6. Test Marketing:

A sample of the product is tested in a well-chosen and authentic sales environment; to find out consumers' reaction. In view of consumers' reactions, the product may be improved further.

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7. Commercialisation:

After the management is satisfied with the results of test marketing, steps are taken to launch a full-fledged programme for the production, promotion and marketing of the product. It is the stage where the new product is born; and it enters its life cycle process.