IDENTIFYING FACTORS THAT CONTRIBUTE TO THE SUCCESS OR FAILURE OF NEW PRODUCT INTRODUCTIONS

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ABSTRACT

The success or failure of new product introductions is influenced by various factors, encompassing market dynamics, organizational capabilities, and strategic decisions. This study aims to identify and analyze the key determinants that contribute to the outcomes of new product launches. Through a comprehensive literature review and empirical research, this paper examines various factors. Additionally, the study investigates the interplay between these factors and their impact on the success or failure of new product introductions across diverse industries and markets. By gaining knowledge into these contributing factors, organizations can enhance their decision-making processes and improve the likelihood of successful new product launches, thereby bolstering their competitive position in the marketplace. This paper aims to help businesses improve their new product development and launch processes by carefully looking at these factors in a planned way. Discovering and knowing what makes something successful or unsuccessful can help businesses improve their strategies, make better decisions, and become more competitive in the market. The paper used inter-correlation & multiple hierarchical regression for data analysis through SPSS.

Keywords: Success, Failure, New Product Introductions, NPD, Factors.

INTRODUCTION

Businesses are at a crucial crossroads when they launch new items onto the market since this gives them with prospects for expansion, innovation, and gaining a competitive advantage. On the other hand, the success or failure of these new product introductions is not assured and is influenced by a wide variety of factors (Sharma, 2023). Having a solid understanding of these aspects is absolutely necessary for businesses in order for them to successfully navigate the complexity of the market and increase their chances of being successful. The primary objective of this study is to investigate the factors that play a significant role in determining whether or not new product launches are successful. We intend to provide a thorough knowledge of the

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numerous processes that shape the outcomes of new product launches by reviewing both empirical research and theoretical insights from current literature. This investigation will be carried out in order to achieve this goal Chi-Jyun Cheng, & Shiu. (2008).

There are a number of main dimensions that may be used to roughly categorise the elements that influence the success or failure of the introduction of new products. Internal organisational elements, such as innovation capabilities, marketing strategies, and organisational readiness, are included in these dimensions. Market-related aspects, such as market demand and competitive positioning, are also included in this category (Soebandhi, et al., 2023). In addition, the outcomes of new product introductions are significantly influenced by external environmental factors, such as the state of the economy and the dynamics of regulatory frameworks. The purpose of this article is to provide significant values for organisations that are looking to optimise their processes with regard to the development and launch of new products by conducting a systematic analysis of these elements. Organisations are able to strengthen their competitive position in the market by refining their strategies, enhancing their decision-making processes, and eventually recognising and comprehending the factors that determine whether they are successful or unsuccessful (Wiryanata, et al., 2024).

In the course of this investigation, we intend to make a contribution to the current body of information concerning the launch of new products, as well as to offer results that can be put into practice by managers and serve as a roadmap for future research endeavours in this significant field of study Figure 1.

Success or Failure of New Product Introductions

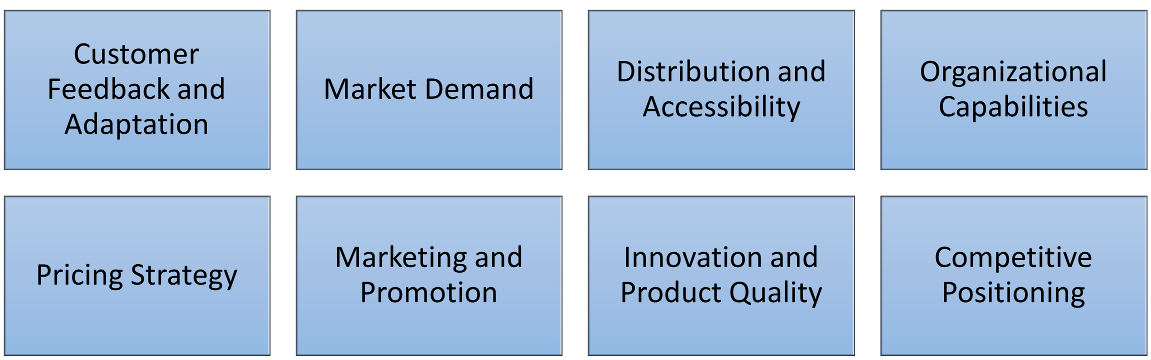

FIGURE 1
MAJOR ELEMENTS OF SUCCESS OR FAILURE OF NEW PRODUCT INTRODUCTIONS

The Success or Failure of New Product Introductions Hinges on Several Critical Factors

1. Comprehending and precisely evaluating market demand is crucial. Products that effectively cater to unmet requirements or provide novel solutions are more likely to achieve success.
2. The strategic positioning with relation to competitors is of utmost importance. In order to distinguish themselves in the market, products must possess distinctive qualities and provide exceptional value propositions.
3. The success of a product is greatly influenced by the level of innovation and the quality of its output. There is a higher probability of success for products that provide exceptional performance, features, or benefits.

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4. The implementation of successful marketing tactics and promotional initiatives is crucial in creating awareness, generating interest, and stimulating demand for the new product.
5. In order to effectively contact target clients and stimulate sales, it is imperative to have access to distribution channels and guarantee product availability in crucial areas.
6. The significance of pricing is of considerable importance in influencing client perceptions and influencing their purchasing decisions. It is essential to have a clearly defined pricing strategy that is in line with how customers perceive value and the dynamics of competition.
7. The effective creation, launch, and continued support of new goods are influenced by the internal capabilities of the organisation, which encompass research and development, production, supply chain, and customer service.
8. The success or failure of new product introductions can be influenced by various external factors, including economic conditions, regulatory environment, and technology improvements.
9. Organisations can adjust their products and strategies to align with changing customer wants and preferences by consistently monitoring customer feedback and market developments.
10. Organisations can enhance the probability of success for their new product releases and reduce the risk of failure by meticulously evaluating and efficiently handling these elements.

REVIEW LITERATURE

In a study conducted by Cheng et al. (2008), an investigation was carried out to examine the critical success factors (CSFs) associated with new product development (NPD) in the electronics industry of Taiwan. The authors employ empirical research to ascertain the primary determinants that impact the effectiveness of new product development (NPD) endeavours. These determinants encompass market orientation, technological competency, organisational support, and external cooperation. This study examined the importance of these parameters in improving the performance and competitiveness of new product development (NPD) in Taiwan's electronics industry. The study conducted by Calantone et al. (2002) investigated the correlation between manufacturing and marketing in the new product development (NPD) domain. The researchers examine the impact of contextual factors on the magnitude of these associations. The integration between manufacturing and marketing functions in new product development (NPD) is influenced by various aspects, as evidenced by empirical study conducted by the authors. These elements include environmental unpredictability, product complexity, and competitive intensity. Their research highlighted the need of taking into account contextual elements when overseeing the manufacturing-marketing interaction in order to improve the success of new product development (NPD). In the study conducted by Chaturvedi (2024), the primary objective is to examine and compare the ethical principles upheld by public and private banks in India. The author examines the implementation of Indian ethics and values in management within the banking sector through a comparative examination. The research evaluates the presence of significant disparities in moral norms between public and private banks, providing insights into the wider significance of Indian ethics and values in modern management methodologies.

Ettlie (1997) conducted a study that examined the correlation between integrated design processes and the achievement of new product success. This study, which was published in the Journal of Operations Management, examines the impact of integrating design processes across different departments or functions within an organisation on the effectiveness of new product development endeavours. This study investigates many elements, including coordination, communication, and cooperation, within integrated design processes, with a specific focus on their influence on the improvement of new product success. The study conducted by Harvey et al. (2007) investigated the impact of globalisation, accelerated time frames, and virtual global teams on the success of product launches worldwide. The study, which is published in the

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Journal of Product Innovation Management, examines the influence of these dynamics on the efficacy of product launches in various markets. The authors conduct an analysis of how organisations effectively manage the obstacles and capitalise on the advantages linked to globalisation and virtual collaboration in order to attain prosperous worldwide product launches.

The study conducted by McNamara et al. (2004) examined the market performance of premium product innovation in the German food industry. The empirical evidence offered in the book "Marketing Trends for Organic Food in the 21st Century" sheds light on the performance of premium product innovations within the organic food business. The researchers examined the various aspects that impact the effectiveness of these innovations, providing insights into customer preferences, market dynamics, and strategic factors for enterprises operating in the high-end food sector in Germany.

The handling of new-product announcements within the computer industry was investigated by Rabino et al. (1989). This study examines the methods implemented by computer businesses during the introduction of new products to the market. It explores many factors including timing, language, and communication channels applied during product introductions. Rabino et al. (1989) conducted an investigation with the objective of offering valuable insights into the implementation of effective strategies for managing the introduction of new products within the highly competitive computer sector. In their work published in the Journal of Product & Brand Management, Saban et al. (2000) examined the importance of organisational learning within the realm of new product development (NPD). Organisational learning is emphasised as a crucial element for the effectiveness of new product development (NPD) activities. The authors explore how organisations can improve their NPD processes by promoting a culture of learning, knowledge sharing, and continuous improvement, using empirical research and analysis. The research highlights the significance of organisational learning in responding to market dynamics, utilising insights, and eventually attaining a competitive edge through the implementation of effective new product development (NPD) strategies. The study conducted by Storey et al. (1999) examined various forms of new product performance in the consumer financial services industry. The study presents empirical findings pertaining to multiple facets of new product performance, encompassing variables such as consumer happiness, financial indicators, and market dominance. The authors employ empirical analysis to identify and classify several performance outcomes that hold significance for new goods within this particular industry. Their research enhances our comprehension of the complex characteristics of new product performance and its consequences for organisations in the consumer financial services industry.

(Schmidt, et.al., 1998) investigated the comparative difficulty of terminating truly inventive new product development (NPD) programmes in relation to less innovative projects. The authors explore the various aspects that impact the decision-making process pertaining to project termination and examine the potential influence of innovation levels on the probability of project continuation or termination. The authors offer valuable insights into the intricate nature of NPD project shutdowns, with a specific focus on those involving radical innovations, through the application of empirical analysis. Their research illuminates the difficulties and factors to be taken into account while efficiently managing innovation projects. The study conducted by Wu et al. (2015) examined the influence of significant supplier connections on the effectiveness of new product launches. This study examines the moderating role of self-enforcement and dependency dynamics between buyers and suppliers in the relationship under investigation. The authors conduct an empirical analysis to examine the impact of robust supplier relationships on the success of product launch. This analysis takes into account many characteristics, including

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trust, cooperation, and mutual dependency between the involved parties. The results of their study enhance our comprehension of the significance of efficient collaboration and relationship management in attaining prosperous new product launches, specifically in industrial marketplaces.

Objective of the Study

1. To study & explore significant factors.
2. To establish inter-correlation among the factors (Profitability Relative to Competitors, Relative Sales Performance, Market Share Leadership.
3. To justify findings & conclusion

RESULTS & DISCUSSION

All 3 relationships among the study variables were found to be statistically significant. Pls See Table 1. SPSS was used for the analysis of data.

Table 1
FINAL RESULTS FROM INTER-CORRELATION AMONG THE FACTORS OF STUDY (N=110)

	1	2	3	4
Breakdown of Significant Factors				
Profitability Relative to Competitors	-.247*			
Relative Sales Performance	.258*	-.219*		
Market Share Leadership	-.361**	.252*	.219*	
*p<0.05, ** p<0.01				

All the correlations amongst study variables were modest but significant. Profitability Relative to Competitors and Market Share Leadership correlated negatively and significantly with breakdown (r=-.247, p<.05 and r=-.361, p<.01). Higher scores on these dimensions are associated with lower breakdown and vice-versa. Relative Sales Performance shared a significant and postitve correlation with breakdown (r=.258, p<.05). Higher scores on Relative Sales Performance are associated with higher scores on breakdown and vice versa.

Table 2
FINAL RESULTS FROM MULTIPLE HIERARCHICAL REGRESSION ON BREAKDOWN (N=110)

	β	
	Step 1	Step 2
Market Research and Consumer Insights	-.018	.031
Effective Marketing and Promotion	1.975	-2.631
Kind of New Products	7.994**	6.311
Avg. Turnover of the Sampled Companies	.712	.826
Avg. Product Launches Per Year	-.010	-.009
Profitability Relative to Competitors	-	-.518
Relative Sales Performance	-	1.9921**

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Market Share Leadership	-	-1.896**
R Square	.197**	.215**
R Square Change	-	.179
*p<0.05, ** p<0.01		

A hierarchical regression analysis was conducted to assess the contribution of Profitability Relative to Competitors, Relative Sales Performance, Market Share Leadership on breakdown after controlling for demographic variables. The results are presented in table 2. The table presents the final results from a multiple hierarchical regression analysis on the "Breakdown" variable, with N=110 observations. The beta (β) values represent the standardized regression coefficients for each predictor variable at Step 1 and Step 2 of the analysis. Market Research and Consumer Insights, the beta coefficient is -.018, indicating a slight negative association with breakdown, but the relationship is not statistically significant ($p > 0.05$).

Effective Marketing and Promotion, the beta coefficient is 1.975, suggesting that effective marketing and promotion efforts are positively associated with breakdown. However, this relationship is not statistically significant ($p > 0.05$). Kind of New Products, the beta coefficient is 7.994, indicating a statistically significant positive association between introducing a new kind of product and breakdown ($p < 0.01$). Avg. Turnover of the Sampled Companies, the beta coefficient is .712, but the relationship with breakdown is not statistically significant ($p > 0.05$). Avg. Product Launches Per Year, the beta coefficient is -.010, indicating a negative association with breakdown, but the relationship is not statistically significant ($p > 0.05$).

Profitability Relative to Competitors, this predictor variable was introduced in Step 2. The beta coefficient is -.518, indicating a negative association with breakdown, and the relationship is statistically significant ($p < 0.01$). Relative Sales Performance, the beta coefficient is 1.9921, indicating a statistically significant positive association between relative sales performance and breakdown ($p < 0.01$). Market Share Leadership, the beta coefficient is -1.896, indicating a statistically significant negative association between market share leadership and breakdown ($p < 0.01$).

The R Square value at Step 1 is .197, indicating that the predictor variables in Step 1 collectively explain 19.7% of the variance in breakdown. The R Square value at Step 2 is .215, indicating that the predictor variables in Step 2 collectively explain 21.5% of the variance in breakdown.

The R Square Change value is .179, indicating the change in R Square from Step 1 to Step 2, which is statistically significant ($p < 0.01$), suggesting that the additional predictor variables in Step 2 significantly improve the model's predictive power for breakdown. Thus, the results suggest that introducing a new kind of product, profitability relative to competitors, relative sales performance, and market share leadership are significant predictors of breakdown, after controlling for other variables in the model.

Findings of the Study

1. The study found a number of factors that have a big effect on how the group breaks down. Some of these factors are the release of new types of products, the company's ability to make money compared to its competitors, its sales success, and its market share leadership.
2. It was found that introducing new types of goods was strongly linked to breakdown. This means that companies that come up with new products and offer a wider range of them may have higher breaking rates.

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3. Breakdown was linked to better profitability compared to competitors, which means that companies that are more profitable compared to their competitors are less likely to have breakdowns.
4. Both relative sales success and market share leadership were linked to breakdown in a good way. This means that even if a company has a bigger market share and better sales, it may still have problems, possibly because of more competition or something else.
5. The regression study did not find any significant links between the average number of product launches per year and breakdown.
6. The study discovered a link between a company's sales success and how profitable it is compared to its competitors. What this means is that businesses that make more money than their competitors usually do better in sales.
7. The study found a link between a company's market share leadership and its lower profits compared to competitors. This means that companies that make more money than their competitors might not have the biggest share of the market.
8. The study discovered that there was a link between a company's relative sales success and its market share leadership. This means that businesses that do better in sales than their rivals are more likely to have a bigger share of the market.
9. The study gives us important information about what causes breakdowns in the companies that were studied. It shows how important new product launches, operating profits compared to competitors, sales performance, and market share leadership are in determining how well an organisation does. These results can help with making strategic decisions and improving management techniques that lower the risk of breakdowns and boost the general performance of an organisation.

CONCLUSION

Evaluating the success of new product launches heavily relies on relative sales performance. Strong sales compared to industry standards indicate that the new product is valued and has a competitive edge, indicating market acceptance and demand. This study has shed light on the variables that affect the success or failure of new product launches, with particular attention to market share leadership, profitability in comparison to competitors, and sales performance. It appears that a key factor in determining the success of a new product is profitability in comparison to competitors. Establishing consistent profitability levels that surpass competitors is crucial for organisations to demonstrate their capacity to produce value and yield returns on investment. In addition, maintaining long-term performance and building a strong market position require market share leadership. In competitive market situations, new products that help organisations achieve market share and leadership positions have a higher chance of succeeding. These factors' intercorrelation provides crucial information on the dynamics of new product debuts. Profitability in comparison to rivals, sales performance in comparison, and market share leadership all show a positive association, pointing to a synergistic relationship where success in one area supports success in other areas. The present investigation highlights the significance of comprehending and proficiently handling these variables to augment the probability of triumph in the launch of novel products. Organisations can create strategic initiatives that meet market demands, take advantage of competitive advantages, and promote sustainable growth and profitability by concentrating on profitability, sales performance, and market share. Further studies may explore in greater detail the particular methods and tactics that businesses might use to maximise these variables and enhance the results of introducing new products. Further understanding of the intricacies of the processes involved in the creation and introduction of new products may also come from investigating the effects of market dynamics and external environmental factors on these characteristics. In the end, companies may improve their competitiveness and set themselves up for success in dynamic and changing marketplaces by furthering our understanding of these elements.

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