
PRODUCT DEVELOPMENT AND COMPANY PROFITABILITY FOR SUSTAINABLE DEVELOPMENT OF A NATION IN THE 21ST CENTURY

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ABSTRACT

It is said and believed that nothing happens until something is sold, that is true to an extent, and something has to be produced; therefore one talks of selling something. The significance of new product cannot be overemphasized for company's profitability, because, needs, wants and desire of consumers keep changing overtime, also products pass through some stages in their life, which at diminishing stage, consumer no longer patronize them, leading to profit erode, as such, companies must either produce new products, by abandoning old ones, renovate them to meet the changing needs or enter new market segment (i.e. turnaround), that is when the required profit can be generated and company's growth and national development be achieved, on this note, this paper intends to highlight on the significance or benefits of producing new product for company's growth and national development. From the write up, it was discovered that developing new product by companies enables them to grab investment opportunities, produce the required product to meet needs and desires of the target market within their limited resources and leads to the development of a nation in several ways such as, sources of employment, provision of infrastructural facilities, the

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writer therefore makes the following recommendations, establishment and research and development department by the company should be a priority, companies should adopt turnaround strategy in the life cycle of a product and effective survey of competitors strategies.

INTRODUCTION

Producers cannot produce, when the idea of what to produce is not determine or known and marketers have nothing to transact, these idea are determine through the identification of consumers needs and desire which is not static rather keep changing overtime, the production of products must always be in line with the desire of consumers, that is marketing concept philosophy must be adhere to. Kotler and Armstrong (2008), "Marketing concept is a management philosophy which states that, the key in achieving organizational goals is in determining the needs and wants of consumers and delivering the desire satisfaction more effectively and efficiently than competitors". This means that the needs of consumers must be determine first before the production is embarked upon in line with the identified needs, as such the philosophical believe here is that the production of products/goods are service originate from consumer through marketing research and it ends with the same consumer for profit. So, if the desire or needs of these consumer change there is need for production of new products to meet with the changed desire.

DEFINITION OF PRODUCT

Stanton (1994), "Product is anything offer to the market for attention, acquisition or consumption that satisfy the need and want of consumer."

Product can also be looked upon as a bundle of wants satisfiers.

TYPES OF PRODUCT

Ayo (2002), "Products are majorly classified into two different types;

- Physical products i.e. tangible products, these are product that can be touched, felt or sensed in one form or the other e.g. clothing, stationeries.
- Services and intangible products, are the service oriented product which are provided to consumers to satisfy their needs e.g. medical services, transportation, education.

NEW PRODUCT DEVELOPMENT

Kotler and Keller (2009), "In an economy of rapid change, continuous innovation is a necessity, firm must identify and quickly seize new market opportunities, those that fail to develop new product put themselves at risk, their existing product are vulnerable to changing customer needs and taste, new technology, shortened product life cycles and increase domestic and foreign competition, development at all times to overcome all of these, A new product may be original: first hand product, product produce by the firm for the first time i.e. it have never exist anywhere in the world. New product can be modification of an existing product through change in the name, shape, color, packaging or any feature of a product. A product can also be termed new, if the product is entering market for the first time, that is, it exist somewhere but coming in to a new market segment. Another element of newness in a product is also when the consumer is coming across the product for the first time.

THE NEED FOR NEW PRODUCT DEVELOPMENT

Ayo (2002), the key to the survival and growth of any company or firm lies in its ability to innovate and introduce into the market new improved products, the factors responsible for this are:

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- The desire by the company to increase their sales volume and profit through new product,
- Instability in consumer preference and purchasing power i.e. changes in the size of population, purchasing power and consumer preference, will lead to changes in demand, which will require introducing new product.
- Instability in market competition. For a company to effectively maintain its market share in its target market it must continuously improve its product i.e. changes in the needs must be effectively met to avoid other competitors chasing the company out of the market.
- Changes in technology: changes in technology do not broadened market for old products but also create new market through its adoption to produce new products.
- Government regulation and control: government may set new standards that must be met for new or old products, therefore this standard must warrants production of new products for the company to survive.
- Inability production to secure product supplies from the usual sources: during the war period or for political reasons, sources of raw material may be blocked; this will necessitate alternative materials and building new product to the market.

STAGES OF NEW PRODUCT DEVELOPMENT

Also Ayo (2002) "Before a new product enters the market to be commercialized a lot of time and money must be expended by the company because the company want the new product to succeed so that it can profit and grow, the product have to go through the following stages:

- **Generation of ideas:** This is conceiving new good product ideas that will enable the company produce new product in line with the market desire.

These ideas can be generated through the following sources within and outside the company:

Within the organization;

- Company's research and development department- the research and development of a company is specifically set up to generate new product ideas for the company.
- Product engineers, designers and other employees – companies encourage their workers to suggest new product and management ideas, mostly engineers and designers
- Company's salesmen who always have immediate contact with the consumers.
- Top management of a company through brainstorming sessions

Outside the company/organization;

- Examination of competitors product and services. The company can learn through its salesmen or distributors the ideas and performance of competitors product
- Ideas can be generated from the market directly, through market survey, by asking consumers about their needs and suggest ideas of the product,
- Outside agencies: ideas about new product can be generated through educational institution, advertising agencies or marketing research firms.
- **Screening of ideas generated:** ideas so generated can be reduced to those that can be of benefit to the company, proper care must be taken not to drop good and practicable idea error
- **Analysis of business potentials:** this is to determine the cost implication and company's

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capability and also be expected return on investment, that is profitability.

- **Product development:** here the ideas in words or drawing are translated into technically and commercially feasible product items, under this stage, product attributes are determine such as color, size shape, brand name and the package.
- **Developing the marketing programs for the product:** first, to apply the patent right which will protect the product by law from imitation or copy right, patent has about 17years monopoly to develop and use his new product then followed by pricing, promotion, and distribution strategies to adopt.
- **Test market the product:** this is the stage when the product item and its accompanying marketing programs will be placed in the actual market situation to see how the product performs, this will enable the firm to see reaction to the product.
- **Commercialization:** after the end of the market test and a thorough analysis of the information gathered, the product and its marketing programs will be modified to suit the wishes of the market and then the full commercialization by launching the product in the market volume.

PRODUCT LIFE CYCLE AND THE TURNAROUND STRATEGY FOR COMPANY'S PROFITABILITY

Saidu (2015) "Product like living organism have lifecycle, that is they are born, grow, mature and possibly turn around to avoid declining or death, though the death differs from that of human organism, the lifecycle of a product begin from introduction, growth, maturity, and turn around stage.

Introduction stage: a period of slow sales, as the product is introduced

- Cost of production is high
- Price charged at high rate to recover money invested
- Promotion cost may be very high
- Sales and revenue may be very small
- Reasonable profit may not be realized at this stage

Market strategies available at this stage are

- Rapid skimming: introducing the product with high price and spending heavily on promotion.
- Slow skimming: launching the product with high price and spend low on promotion.
- Rapid penetration: launching the product at low price and spend heavily on promotion activities.
- Slow penetration: introducing the product at low price and spend less on promotion.

1) **Growth stage:** a period of rapid market acceptance and substantial profit improvement i.e.

- Customers become aware of new product.
- More goods will be produced
- Cost per unit decreases as production capacity increase
- More profit could be earned
- Competitors may begging emerge

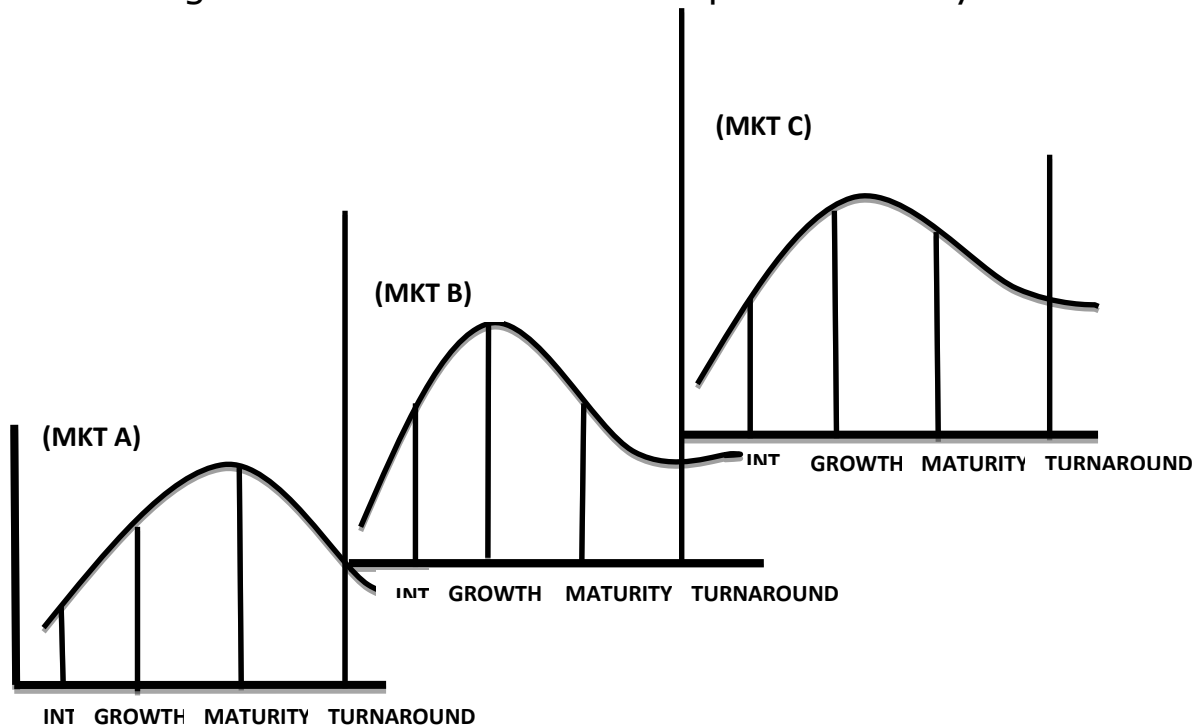
More so, the following marketing strategies can be adopted by the company:

- Improve product quality and add new product features
- Add new model
- Shift promotion from building product awareness to bring about conviction and purchase
- Lower price attract other buyers.

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- 2) **Maturity stage:** a period of static level in the sales because the product has achieve acceptance, i.e. the product is well known in the market.
- Sales begin to reach peak
 - Competitors enter the market which creates need for market segment.
 - Fresh production and distribution effort are required.
 - The market may become saturated, then what follows is declining or diminishing level of profit, sales will begin to drop and profit erodes. And to avoid this, two major marketing strategies can be adopted; **product modification** and **market modification** which will lead to turn around of the product.
- 3) **Turnaround stage:** Saidu (2015), This derives its name from reversing a negative trend by adopting some of these strategies to prevent the product from declining, the following strategies are available to turn around:
- Enter new market segment, by introducing the product in the new market as a new product.
 - Modification of the existing product in the same market.
 - Liquidate the old product and introduce complete new product.

The diagram below shows the new product life cycle:



Saidu (2015) Advocates the following reasons for turnaround;

- Negative profits and continuous negative cash flow.
- Low morale and high labour turnaround.
- Declining market share and uncompetitive products and services.
- Avoidance of company failure and bankruptcy.

CAUSES OF NEW PRODUCT FAILURE

George and Emma (2002), emphasize on the following causes of new product failure

1. Insufficient assessment of the potential market prior to development of the new product e.g. (a) Poor brainstorming of product ideas (b) Wrong assessment of consumers needs
2. Poor quality and poor performance of the new product in term of consumer satisfaction

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3. Simultaneously introduction of a better product by competitors
4. Insufficient marketing effort to backup new products, such as low promotion i.e. advertising, personal selling, sales promotion, publicity and public relation
5. Over estimation of potential demand.
6. Sudden change in taste and fashion of consumer in the target market.

IMPORTANCE OF DEVELOPING NEW PRODUCT TO A COMPANY

Nwokoye (2004), outline the importance of product development to a company as follows;

- Source of grabbing new opportunities in the market. It enable companies to grab the new investment opportunity that exist by determination of needs and wants of consumers through research.
- Developing new products according to the changes in the desire of consumer leads to profitability level of the company
- It enable the company to beat the competitors in the target market
- It gives room for instant adjustment to changes in the desire of the target market
- Product development assiststhe company in effective market segment, which is one of the strategies for company's success.
- Through product development the company can specialized in the best product to tailor to a specific market target and utilize the resources available judiciously
- Product development also enables the company to meet up with competitors in the

market by adjusting the product to meet competitors strategy.

BENEFITS OF PRODUCT DEVELOPMENT TO THE DEVELOPMENT OF A NATION

Chukwudi (2004) "Development of products and company can leads to national development in the following ways:

1. Creation of employment: Development of products leads to performance of marketing activities which are ultimately performed by people and this means more job to the people,
2. Aids national development through payment of tax: company's produce new product as a source of generating higher profits, and tax pay to government through profits generated which leads to expending the generated tax on areas of national concern.
3. Companies enhance national growth through product development by creation of customer choices or desire through innovations.
4. Product development aids technological progress of a nation: development of product cannot be achieve without embracing and bring in to play the technology from other western world which leads to greater technological innovation in the country.
5. Companies through new product development help in making goods and services available at a point needed for consumption which directly influence economic growth.
6. Product development requires effective marketing activities which also require provision of infrastructural facilities.
7. Product development leads to profitability of companies which also leads performance of social responsibilities that leads to national growth.

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8. Increase standard of living: the high national standard of living witnessed in advanced economics is a consequences of aggressive marketing through product development.
9. It encourages capital accumulation and entrepreneurial skill: employees of companies are encourage to save part of their earning and such use this as source of capital for investment and through the experience gathered or acquire skills for operating their own business which leads to expansion, increase and growth of companies in the economy.

CONCLUSION

From the foregoing, it is deduced that development of new product is paramount for the survival of business organization or companies because it lead to increase in profitability which enhance national growth and development. Developing new product by companies enable them to grab investment opportunities, produce required product that meets the needs and desire of the target market within the limited resources in their disposal which leads to growth and development of nation in several ways such as sources of employment generation to citizenry, provision of infrastructural development and improving in the standard of living.

RECOMMENDATION

The writers made the following recommendations:

1. Establishment of research and development department by the companies should be a priority.
2. The level of competition in the market of a new product be ascertained to determine its survival.
3. Potential product of a new product be effectively and efficiently assessed to determine the needs and wants of the market.
4. Companies should adopt the new strategy of turnaround stage in the product life cycle for success.
5. Developing new product should be with total compliance to the needs and wants of consumer, to avoid failure.
6. Recruitment, training and development of a versatile marketing team is necessary, to perform the marketing function that are required for the product success.
7. Effective survey of competitors and assumption/predictions of their potential strategies should be determined to avoid or beat introduction of better product by competitors.
8. The spirit of team work be imbibe in the work force through motivation towards the success of building new products profitability.
9. The major effective stages of new product development to be followed, to avoid disruption or failure.

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