

Why New Products Fail

Why do new products fail? Some of the answers are highlighted below in a discussion between various managers.

Your task to identify a list reasons why new products fail and identify which of these factors could NOT be adequately assessed prior to actually going to market with the new product.

A Discussion of Why New Products Fail

- Steven:** New products obviously fail because of poor promotion. It simply gets down to your ability to generate brand awareness and communicate the product's benefits to the target market.
- Nicola:** But that assumes that you have a product that provides benefits. If it's a product that doesn't meet market needs, then it doesn't matter how well it's promoted.
- Joanna:** It's fine to have a product that meets market needs, but it also has to be better than what competitors are already offering.
- Eric:** So therefore, it all gets down to research - what customers want, what competitors offer, and what's the best way to communicate to them?
- Aylene:** Doing the research is one thing, interpreting and correctly using the information is another - and that often depends on how "enthusiastic" the CEO is about the product. I've seen some poor products pushed to market just because they were the CEO's idea.
- Katie:** And it depends on how customer-focused the firm is. Some firms are very R+D driven, constantly improving technology and adding more product features - sometimes it works, and sometimes it doesn't.
- Jessica:** Well, adding to that point, doesn't a firm always need a strong technology base? I mean they need to have strong technical expertise in a product before they can really compete.
- Jeanie:** Well, I think that technical skill is only part of the puzzle. Once we've made the product, we still need to get access to retailers or a customer base in order to get reasonable sales.
- Marshall:** Sure, there are some basic requirements, but a large firm with lots of financial backing and a strong brand can surpass those obstacles quite easily and virtually enter any market.
- Maria:** That's right, it's all about financial strength in the marketplace. If you have enough money, you can make any product successful.
- Thomas:** I don't think it's that simple. I think that market timing has a lot to do with it - just be first-to-market and your new product will be a winner.
- Ron:** There are significant "responsibilities" in being first to market - building product knowledge, educating customers, and getting retailers on board. I think many firms wouldn't want to be first to market.

Student Discussion Questions

1. Outline the possible reasons why new products could fail in the marketplace. (Use the above discussion, plus your own ideas.)
2. Which of these reasons would you consider to be the most significant reasons?
3. Given that professional managers probably know most of these factors, explain why some products will fail regardless of management efforts. (Hint: Which ones are less controllable?)