

# THE ROLE OF MARKET RESEARCH IN NEW PRODUCT DEVELOPMENT

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## **Abstract:**

*This study explores the Role of Market Research in New Product Development. Market research is a pivotal component in new product development, providing essential insights that guide the creation, positioning, and launch of new products. This process involves systematically gathering, analysing, and interpreting data about market trends, consumer behaviours, and competitive landscapes. By leveraging market research, companies can identify unmet needs, assess market potential, and minimize risks associated with product development. Initially, market research helps in identifying consumer needs and preferences, which is crucial for designing products that resonate with target audiences. Understanding these needs through surveys, focus groups, and interviews ensures that the new product addresses real pain points and aligns with market demands. Additionally, assessing market potential helps companies evaluate the size and growth prospects of the target market, enabling informed decisions about resource allocation and investment.*

*Competitive analysis, another critical aspect of market research, provides insights into existing competitors and market dynamics. This analysis helps in positioning the new product effectively, highlighting unique selling propositions, and differentiating it from competitors. By understanding the competitive landscape, companies can develop strategies that leverage their strengths and address market gaps. Market research also plays a significant role in reducing risks by testing product concepts and prototypes with potential users. This iterative feedback process allows for adjustments before a full-scale launch, increasing the likelihood of product success. Moreover, post-launch research helps in monitoring product performance, gathering customer feedback, and making necessary refinements.*

*In conclusion, market research is integral to new product development as it provides a data-driven foundation for designing, positioning, and launching products that meet market needs and achieve commercial success.*

**Keywords:** Role, Market Research, New Product Development.

## **INTRODUCTION:**

Market research is a critical process that involves the systematic collection, analysis, and interpretation of data related to markets, consumers, and competitors. Its primary goal is to provide businesses with valuable insights that drive strategic decision-making and foster growth. By understanding market dynamics, customer preferences, and competitive landscapes, companies can make informed decisions about product development, marketing strategies, and market entry. The process of market research encompasses various methods, including surveys, interviews, focus groups, and observational

studies. These techniques help in gathering quantitative and qualitative data that reveal consumer needs, buying behaviors, and market trends. This information is essential for identifying opportunities, minimizing risks, and optimizing business strategies. Market research is not just about understanding the current market but also about anticipating future trends and consumer demands. It allows companies to track changes in market conditions, adapt to new challenges, and stay ahead of competitors. In a rapidly evolving business environment, market research provides a competitive edge by offering actionable insights that help in crafting effective marketing campaigns, developing innovative products, and making strategic investments.

### **OBJECTIVE OF THE STUDY:**

This study explores the Role of Market Research in New Product Development.

### **RESEARCH METHODOLOGY:**

This study is based on secondary sources of data such as articles, books, journals, research papers, websites and other sources.

### **THE ROLE OF MARKET RESEARCH IN NEW PRODUCT DEVELOPMENT**

Market research plays a crucial role in new product development by providing valuable insights and guiding decision-making throughout the process. Here's a breakdown of its importance:

#### **1. Identifying Market Needs**

**Customer Insights:** Understanding customer needs is foundational to new product development. Market research provides a wealth of data on customer preferences, behaviors, and pain points. Techniques such as surveys, interviews, and focus groups offer direct feedback from potential users, shedding light on what they truly want. For instance, if a company is developing a new smartphone, research can reveal specific features that users are looking for, such as longer battery life, better camera quality, or unique functionalities like foldable screens. By focusing on these insights, companies can design products that meet actual consumer demands rather than assumptions.

**Gap Analysis:** Gap analysis involves identifying unmet needs or problems in the market. It's a critical aspect of market research that helps companies find opportunities for innovation. For example, if research shows a lack of affordable, high-quality eco-friendly products in a particular category, a company could seize this gap by developing a new product that aligns with these attributes. This approach not only helps in differentiating a new product from existing ones but also ensures that the product addresses a real need that competitors have overlooked.

#### **2. Assessing Market Potential**

**Market Size and Growth:** Estimating the size and growth potential of the target market is essential for determining the feasibility of a new product. Market research involves analyzing various data sources, such as industry reports, market trends, and economic indicators, to project how large the market is and how fast

it is growing. For instance, if a company is considering launching a new health supplement, research might show that the wellness market is expanding rapidly, indicating a strong potential for success. This information helps in making informed decisions about investment, resource allocation, and potential revenue.

**Segmentation:** Market segmentation is the process of dividing a broader market into smaller, more manageable segments based on specific criteria such as demographics, psychographics, or buying behaviours. Research helps identify these segments and understand their characteristics. For example, if a new fitness product is being developed, segmentation might reveal distinct groups such as professional athletes, casual gym-goers, and home fitness enthusiasts. By tailoring the product and marketing strategies to these segments, companies can effectively target and meet the needs of different consumer groups.

### 3. Competitive Analysis

**Competitor Landscape:** Competitive analysis involves examining the strengths, weaknesses, strategies, and market positioning of competitors. Market research provides insights into who the main competitors are, what products they offer, and how they market them. This information helps in understanding the competitive environment and identifying opportunities to differentiate the new product. For example, if research shows that competitors' products lack certain features or have significant customer complaints, a new product can be developed to address these shortcomings and capture market share.

**Benchmarking:** Benchmarking is a process of comparing a company's products and practices against industry standards or competitors. Market research enables companies to benchmark their new products against existing ones in terms of quality, performance, and customer satisfaction. By understanding where competitors excel or fall short, companies can refine their products to meet or exceed these benchmarks, thereby improving their competitive edge and ensuring that their product stands out in the market.

### 4. Reducing Risk

**Product Testing:** Before a product is launched, market research helps in testing concepts and prototypes with potential users. Methods such as focus groups, product trials, and beta testing provide valuable feedback on how the product performs in real-world scenarios. For instance, if a company is developing a new kitchen appliance, testing it with a group of consumers can reveal any issues with usability, design, or functionality. This feedback allows for adjustments to be made before the product is widely released, reducing the risk of failure and ensuring a higher chance of success.

**Market Viability:** Assessing market viability involves evaluating whether there is a sufficient market for the new product and whether it's likely to succeed. Market research provides insights into consumer demand, potential barriers to entry, and competitive dynamics. For example, if research indicates strong consumer interest but also reveals significant barriers such as high production costs or regulatory challenges, companies can address these issues or reconsider their approach. This process helps in making informed decisions about proceeding with product development and launch.

## 5. Guiding Product Development

**Feature Prioritization:** Insights from market research guide which features or attributes are most important to consumers. By analyzing customer feedback and preferences, companies can prioritize the development of features that add the most value. For instance, if research shows that users prioritize ease of use and intuitive design in a new software application, the development team can focus on these aspects to enhance user experience. This ensures that the final product aligns with market needs and increases the likelihood of its success.

**Pricing Strategy:** Determining the optimal pricing strategy is crucial for product success. Market research provides data on price sensitivity, competitor pricing, and perceived value. For example, if research reveals that consumers are willing to pay a premium for a product with unique features or higher quality, companies can set a higher price point accordingly. Conversely, if price sensitivity is high, a more competitive pricing strategy may be necessary. This information helps in setting a price that maximizes revenue while remaining attractive to the target audience.

## 6. Marketing and Launch Strategy

**Target Audience:** Identifying the target audience and understanding their characteristics is essential for effective marketing. Market research helps determine who the ideal customers are, including their demographics, interests, and buying behaviors. For example, if research shows that the target audience for a new fashion line consists primarily of young professionals who value sustainability, marketing efforts can be tailored to emphasize eco-friendly materials and modern design. This targeted approach ensures that marketing messages resonate with the audience and drive engagement.

### Positioning and Messaging

Market research provides insights into how to position the product in the market and what messaging will be most effective. By understanding consumer perceptions and preferences, companies can craft messages that highlight the product's unique benefits and appeal to the target audience. For instance, if research indicates that consumers are looking for convenience and time-saving features, messaging can focus on how the product simplifies their lives. Effective positioning and messaging help in creating a strong brand identity and attracting customers.

## 7. Post-Launch Evaluation

**Performance Monitoring:** After the product launch, market research continues to play a vital role in monitoring performance. Collecting data on sales, customer feedback, and market trends helps in evaluating how well the product is performing and identifying areas for improvement. For example, if post-launch research reveals that customers are experiencing issues with a product feature or that sales are below expectations, companies can take corrective actions such as making product adjustments or refining marketing strategies.

**Customer Feedback:** Gathering customer feedback after the product launch provides valuable insights into user satisfaction and areas for enhancement. Surveys, reviews, and direct feedback help in understanding how well the product meets customer expectations and identifying any issues that need to be addressed. For instance, if feedback indicates that customers are dissatisfied with the product's durability, improvements can be made in future iterations. This ongoing feedback loop ensures that the product evolves based on real-world usage and continues to meet customer needs.

### **Case Study 1: Haldiram's Expansion into the Packaged Foods Market**

Haldiram's, a leading name in Indian sweets and snacks, started as a local shop in Bikaner, Rajasthan, and has grown into a national brand. Known for its traditional sweets and savoury snacks, the company had a strong presence in the unorganized sector. By the early 2000s, Haldiram's decided to expand into the packaged foods market to leverage its brand strength and meet the growing consumer demand for ready-to-eat products.

**Market Research and Insights:** To enter the packaged foods segment, Haldiram's conducted extensive market research. The key objectives were to understand consumer preferences, identify market potential, and gauge competitive dynamics.

1. **Consumer Preferences:** Haldiram's research revealed a significant shift in consumer preferences towards convenience foods. Urban consumers, particularly in metropolitan areas, were looking for high-quality, ready-to-eat snacks that retained traditional flavors. This shift was driven by increasing work pressures, changing lifestyles, and a growing middle class with higher disposable incomes.
2. **Market Potential:** The research indicated that the packaged foods market in India was expanding rapidly, with a compound annual growth rate (CAGR) of over 15%. This growth was fueled by rising urbanization, increasing nuclear families, and changing food consumption patterns.
3. **Competitive Analysis:** The competitive landscape was dominated by both established players like ITC and new entrants offering innovative products. Haldiram's needed to differentiate itself by leveraging its strong brand heritage and offering products that combined traditional flavors with modern packaging.

**Strategic Decisions and Implementation:** Based on these insights, Haldiram's took several strategic steps:

1. **Product Development:** Haldiram's developed a range of packaged snacks that included its popular traditional products like Bhujia and Namkeen, now available in convenient, resealable pouches. The company also innovated with new product lines that catered to changing tastes, such as baked snacks and low-oil variants.
2. **Distribution Strategy:** To reach a wider audience, Haldiram's expanded its distribution network. The company utilized modern trade channels such as supermarkets and hypermarkets, alongside

traditional retail outlets. It also invested in improving supply chain logistics to ensure product freshness and availability.

3. **Marketing and Branding:** Haldiram's capitalized on its established brand reputation. The marketing strategy emphasized the authenticity and quality of its products, using both traditional advertising and digital media. Packaging was designed to reflect the brand's heritage while appealing to modern consumers.

**Outcomes:** Haldiram's foray into the packaged foods market was highly successful. The brand quickly gained a significant share in the packaged snacks segment and became a leading player in the industry. The market research-driven approach allowed Haldiram's to effectively cater to changing consumer preferences and leverage its traditional strengths in a modern context.

### Case Study 2: Amul's Entry into the Frozen Foods Market

Amul, a cooperative dairy brand managed by the Gujarat Cooperative Milk Marketing Federation (GCMMF), is synonymous with dairy products in India. Known for its milk, butter, and cheese, Amul has a strong presence in the Indian dairy market. In the early 2010s, the company decided to enter the frozen foods market, including products like frozen pizzas and ready-to-eat meals, to diversify its product portfolio and tap into new consumer segments.

**Market Research and Insights:** Before launching its frozen foods line, Amul undertook comprehensive market research to understand the potential and challenges in this new segment.

1. **Consumer Insights:** The research highlighted a growing demand for convenience foods among urban consumers. The increasing number of dual-income households and young professionals led to a higher consumption of ready-to-eat and frozen products. There was also a notable preference for high-quality, affordable options that could be trusted for their taste and nutritional value.
2. **Market Potential:** The frozen foods market in India was emerging, with a growth rate projected to exceed 20% annually. Despite this potential, the segment was still underdeveloped, with limited penetration in both urban and rural areas. The research identified key growth areas in metropolitan cities and among younger demographics.
3. **Competitive Landscape:** The market had a few established players like ITC and MTR, but the competition was not as intense as in more mature segments. This provided an opportunity for a well-established brand like Amul to enter and capture market share by leveraging its strong distribution network and brand trust.

**Strategic Decisions and Implementation:** Amul used the insights from its research to formulate a strategic approach for entering the frozen foods market:

1. **Product Development:** Amul developed a range of frozen foods, including pizzas, parathas, and ready-to-eat meals. The company focused on maintaining high quality and using fresh ingredients to

align with its brand reputation for dairy products. The products were designed to be affordable and accessible to a wide consumer base.

2. **Distribution and Supply Chain:** Leveraging its existing distribution network, Amul expanded its reach into frozen foods. The company used its extensive cold chain infrastructure to ensure product quality and freshness. Strategic partnerships with retailers and supermarkets helped in placing the products in key locations.
3. **Marketing Strategy:** Amul's marketing campaign highlighted the quality and convenience of its frozen foods, leveraging its established brand trust. The campaign included both traditional media and digital platforms, targeting urban consumers who valued convenience without compromising on quality.

**Outcomes:** Amul's entry into the frozen foods market was well-received, and the company quickly established itself as a significant player in this segment. The market research-driven strategy enabled Amul to effectively meet consumer demands and leverage its strengths in distribution and brand equity. The success of Amul's frozen foods line reinforced its position as a versatile player in the Indian food industry.

## CONCLUSION:

Market research is indispensable for successful new product development. It provides the critical insights needed to align product offerings with consumer needs, market trends, and competitive dynamics. By systematically gathering and analyzing data, businesses can identify market opportunities, assess the potential for growth, and mitigate risks associated with product launches. The role of market research extends from the initial stages of product conception, where it helps in understanding consumer preferences and defining product features, to the final stages of market entry, where it informs marketing strategies and distribution channels. It ensures that products are not only innovative but also relevant and appealing to the target audience. Moreover, ongoing market research post-launch is crucial for monitoring product performance, gathering customer feedback, and making necessary adjustments to enhance product success and customer satisfaction.

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