

From the Corners of the World: New Product Development

In today's business environment, companies cannot afford to abandon their great ideas.

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In a down or recovering economy, one might reasonably expect companies to put most of their energy toward established, successful brands and products at the cost of new product development (NPD). But for the nutraceuticals and functional foods industries this has not necessarily been the case, as companies continue to think creatively and look at new ingredients, products and applications to drive growth.

In meeting ever-changing consumer demands, NPD is one of the more obvious and practical steps a company can take to help them remain current and fresh. However, it is a difficult and demanding process that is capital intensive and does not always guarantee future successes.

The common strategies adopted by some of the largest companies to deal with this issue include the use of merger and acquisition (M&A) to acquire new technologies. Other companies may acquire their new technology and innovation through in-license. For most other companies without the considerable financial resources available for M&A or licensing, the only realistic option is organic development (i.e., NPD from within).

For the next few columns, "From the Corners of the World" will examine the process of NPD and identify many of the criteria used to find "successful recipes." The success of a product is dependent on many incongruent things all coming together at the right time. We will look at the process for idea generation, natural product screening and selection from the areas of ethnobotany, nutritional and physiological science, sourcing new ingredients and sustainability, regulatory frameworks and intellectual property issues. We will also examine outlying and disparate technologies from other markets that border the fringes of our industry but provide sources of inspiration and innovation. At the end of this series we will look at the consumer and how consumer interests and trends, blended with good timing and a measure of good luck, lead to commercial success.

Generating Great Ideas

Ideation or idea generation is usually the first phase in the process of NPD and the beginning of a company's overall strategic process of product lifecycle management. While there are well-defined steps in the NPD process, there is no formal method of ideation, and most companies adopt a varied and informal approach.

As an indication of just how difficult the process of NPD is for a consumer products company, Boston Consulting Group claims for every 1000 ideas generated, only 100 will have enough commercial merit worth considering. From that subset, only a further 10 will warrant any financial commitment. Finally, only a couple will result in a successful launch.

Ethnobotany: Finding the Goods. Most NPD in the nutraceuticals, skin/hair care, food and even pharmaceutical industries is dependent on the discovery and development of new natural ingredients. Most of these natural ingredients are plant-based, so it is important for companies to develop an appreciation for the academic discipline of ethnobotany, which is the study of the relationship between people and plants.

Ethnobotanists study a region, its people and culture, plants, the traditional use of the plants and much more. They are able to translate how plants that are used traditionally may have economic benefit. These plants are then tested to confirm that their proposed indications make sense for their intended use.

Many companies hire ethnobotanists to help initiate and coordinate the search for new products. In fact, nearly every new product in the market today that contains a botanical ingredient has been introduced or studied by ethnobotanists.

Sourcing and Sustainability. Sustainability is often connected with products that are “fairtrade” or locally grown. While these concepts do apply to the product development process, they generally occur at a later stage in development. Before issues of fairtrade or locally grown come into play, one must consider whether an ingredient can be grown or produced in a sufficient and scalable manner, and whether its production is sustainable. In this case sustainability deals with viability and feasibility, and not all products have what it takes to reach the market.

A very important aspect of NPD is to assess the production constraints and future sustainability. Scores of promising ingredients are not able to proceed beyond the proof of concept stage or initial launch because supply can't be scaled to meet future demand.

Once the core supply issues are resolved, then other issues of sustainability can be addressed. Issues that should be considered by product developers include: the geographical location of production and whether it makes sense based on traditional uses; whether the product can be produced organically; consideration for environmental and social impact (fairtrade certification); and a variety of other economic considerations (i.e., distribution and transportation).

Scientific & Regulatory Considerations. Science and regulatory compliance also play major roles in NPD for most companies within the natural products industry. It is important to examine the methods used to link the early ideation and ethnobotany to ingredient “proof of concept” and claim substantiation. Companies with access to high quality and moderately priced scientific support are at a distinct advantage over their competitors. Having an understanding and appreciation for the scientific and regulatory requirements will also be key to product developers as they go through the NPD process. In the end, the goal is to deliver products that meet or exceed consumer expectations and which will promote benefits accurately, remain compliant within the regulatory framework and make sense to consumers.

Market Trends. Among the most insightful aspects of NPD is the ability to predict the future demands of the consumer, especially since this strongly influences the direction of NPD and ultimately sets the stage for future success. Timing and good luck can play a big role. In order to minimize the impact of timing and luck, it helps companies to understand market trends. For example, when selecting a novel superfruit, are consumers more motivated by exotic locations or the promise of a long life?

The Consumer Rules. The most important component of NPD will always be the consumer—the process starts with consumer trends and ends at consumer acceptance.

Finding new ingredients, especially when they come from remote places in the world, is difficult business at best. When one adds the complexities of the market, consumer expectations and the changing regulatory environment, the need for strong cooperation between product marketers and ingredient suppliers is even greater.



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