

Impact of marketing mix strategies effective product development issues in MNCs/Retail

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Abstract : *The paper has shed light on the impact of effective product development for the MNCs or the Retail business. It has been evident that from the very beginning the world is flooded with a variety of businesses and the objectives are to appeal the customers with different products. An organization can thrive in the competitive market only when the innovative product developed by the company can be presented in such a way that the audience gets attracted to it and reach for it. But most of the time organization faces issues due to ineffective product development. For any product development only the product does not matter but the environment, customer, and technology matter too. When the issues regarding these attributes are mitigated then only positive impacts arise for the MNCs in case of effective product development.*

Keywords - *Product development, MNCs and Retail business, BCG matrix, Ansoff Matrix, customers, market development.*

I. INTRODUCTION

From the beginning, the world is being flooded with different types of business and it has been evident that the brand which has marketed itself successfully is the brand that is going to thrive in the business market smoothly and efficiently. Usually, the business very often has the typical notion that profit, as well as the growth of the business, mostly depends on the kind of products it is responsible for but in reality, it is not the only factor on which the product selling depends on, the presentation way of the product to the customers and the audiences plays a major role in the success (Liedtka & Kaplan, 2019). The marketing strategy is responsible for exercising a very significant role in business performance. The strategy is nothing but a technique that is adopted by the business owners for making the products appealing enough to gain a wider audience. Product development in the marketing strategy depicted different stages which involve bringing products from the predefined idea by market release. When the marketing strategy is well framed then it can help in the overall development of the product. But in recent years many MNCs are facing issues regarding effective product development and the impact it on business growth.

II. BACKGROUND OF THE PROBLEM

The business world is changing rapidly in this era, hence survival and being competitive is a great hassle. Any MNC or Retail business should be aware of the benefits of knowing the innovation of the products is the main concept for being competitive and surviving. *According to Chen et al., 50% of sales of a very successful business come from the new products and sometimes the percentage is around 60% for the most successful organizations.* From the past researches, it can be concluded that product development is a very important medium in the case of sustaining a very strong position in the competitive business field (Cooper, 2019). But product development is a complex process that specifically requires the knowledge of the industry for producing feasible solutions commercially. According to Duysters et al., the increasing importance of gaining industry-based knowledge demands accuracy, speed, and higher cost in the case of product development. Ultimately in nutshell, it can be said that the product development in the marketing strategy plays a major role in the case of the business of MNCs and Retailers as it impacts the efficiency and the successful growth of the business in the market.

III. PROBLEM DISCUSSION

Introducing new products and developing them are very common factors and considered as the very essential part of the business. But many times the products drastically fail and this cost a humongous amount as the marketing cost and the development cost cannot be recovered. Recently there has been a statement where it has been advised that the MNCs should learn optimally about the profitability of the products. It is all about the correct prediction of the product's success using proper marketing strategy and the latest technology. Product development has been a challenge in the past for big organizations and will always be a constant problem in the upcoming years too.

IV. MARKETING MIX STRATEGY

The strategy can be described by the decisions as well as actions taken by the managers to differentiate the organization from the market competitors for sustaining and gaining competitive advantages. The *marketing mix strategy* can be depicted as the strategy which business organizations use for providing quality products at a very reasonable price to the targeted customers. The marketing mix strategy also helps in offering a very effective promotional strategy as well as communication with the distribution outlets. This can lead to creating products and selling those very effectively.

The marketing mix is incorporated with **4Ps which are Product, Price, Place, and Promotion**. The product, place, price, and promotion these four attributes are used by an organization for reacting in a market as well as in the internal forces which helps in enabling the organization to reach the mission and objective (Festa et al., 2016). The marketing strategy is responsible for including the responses which can help in ensuring the target market is very positively influencing the demand for the products. MNCs and Retail businesses are aspiring to meet the need of the customers and for that, they mainly focus on the proper strategy to improvise the products.

Product: it can be defined as the tangible goods which are to be sold and it can give a set of benefits that can be used to meet the customer needs.

Price: The price is the attribute that is offered for the sales and it can determine the benefit level. This includes the list price, discount, credit, etc.

Place: This includes all of the activities as well as communication with the potential customers about the product benefits and the features like personal selling, advertising, promotion, and direct marketing (Festa et al., 2016).

Promotion: This attribute includes the process of the product moving from the producer to the potential users like distribution channel, transportation, etc.

V. PRODUCT DEVELOPMENT STRATEGY

Product development strategy can be defined as the actions and methods used for bringing the new product to the market field or modification of the existing product for the creation of the new business. The strategy is important due to the use of market research for the development of the plan in case of succession in product selling. The stages of the product development include the idea development, selection, and editing, creating a prototype, analysis, creation of products, market testing, and lastly commercialization (Sattayaraksa & Boon-itt, 2016). It is also very common to create innovations on the existing products and in that case, the stages adapted are a modification of the existing product, value increment of the product, offering a trial, customization and specialization, creating package deals, creating the new product and lastly finding the new market for the product.

VI. THEORIES AND STRATEGIES FOR PRODUCT DEVELOPMENT

The business model is mainly based on the providing of products that are profitable and identifying the changes which can keep the organization profitable in the future. Boston Consulting Group has created the BCG matrix which is widely known as the growth-share matrix is responsible for providing the strategy for product

analysis following growth and the market share. The model is being used from the year 1968 in case of helping the companies for gaining insights into the product which is considered best for the organization to grow the market share and acquire competitive advantages.

While creating the matrix at first it is required to analyze the company based on data in the market share as well as the growth rate for the products. The BCG matrix is of four quadrants where the market share is in the horizontal line, growth rate is also in the vertical line. The quadrants include stars, cash cow, question mark, and lastly Dogs (Madsen, 2017).



Fig 1: BCG matrix

(Source: Madsen, 2017)

Stars: Stars are considered as the business products that are responsible for the best share in the market and generate cash. The first market products are described as stars. But due to the very high growth rate humongous amount of cash is consumed by stars. This ultimately leads to coming and going out of the same amount of money. The stars can transform into a cash cow if sustainability occurs in case of success until the growth market mellows down to a certain period.

Cash cows: The Cash cow can be depicted as the market leader who is responsible for generating much more cash than consumption. It is the business product which is having a very high market share but very low in case of growth prospect. The Cash cows usually provide the required cash for turning the question mark in the market leader and coving the cost of administration for the organization, developing and fund research, servicing the corporate debt, and lastly paying the dividends to the respective shareholders. The organizations are always advised to invest in Cash cows for maintaining the level of existing productivity.

Dogs: Dogs can be described as products which are having very low market sharing as well as low growth rates. It neither earns nor consumes a great amount of cash. It is considered as the cash trap as the organizations are having money tied to it although nothing is returning from it (Madsen, 2017).

Question marks: These can be described as the part where a high growth prospect is residing but the market share is quite low. A large amount of cash is consumed but very little amount is returned. So finally the question

marks lose the cash. It can be told that the business products are growing very rapidly; so there is a certain potential of turning the stars into a high growth market. The business organizations are advised for investing in the question marks phase then when there is the potential growth of products.

Ansoff Matrix, well-known as the Product expansion Grid can be described as the tool that is used for analyzing as well as planning the growth strategies. This matrix can describe strategies of product development which can ultimately show the growth of the business as well as the risks associated with strategies (Loredana, 2017).

The four attributes of the matrix are Market penetration, product development, market development, and lastly the diversification.



Fig 2: Ansoff Matrix

(Source: Loredana, 2017)

- In the case of Market penetration, the organization uses existing products in the market. The aim is to share the market with the penetration strategy. It can be executed by decreasing the prices of the products so the customers get attracted, increasing the distribution efforts, and acquiring the same level of a competitor in the market field.
- For product development, the organization mainly develops innovative products to cater to the existing market. This typically includes extensive research as well as expansion and development of the innovative product range of the business. This strategy is used only when the business organization is having knowledge of the existing market and are ready for providing innovative solutions in case of reaching the needs of the customers. This can be implemented by investing in the research and development department, acquiring the competitor products as well as merging the resources for the creation of new products, and lastly planning strategic partnerships with other organizations for gaining access to distribution channels (Loredana, 2017).
- Market development depicts the entry into the new market with the existing product. Expansion in a very new market means the expansion of customer segments as well as geographic regions. The development strategy usually includes the entry of a new customer segment, in a domestic market as well as in a foreign market.

- The diversification strategy depicts the entry of an organization into a very new market with an innovative new product (Loredana, 2017). It is considered the riskiest due to product development and market requirement. These risks are mitigated by the related diversification. It has the potential of revenue increment as a new revenue stream can be opened.

VII. STEPS TO PROCESS PRODUCT DEVELOPMENT

The steps of product development are not the same for every organization. But some steps are fixed that needs to be attained for successful processing.

- **Identification of need of market:** For any business, products solve the problems so identification of the problem is the first step of the processing. There needs to be a conversation with the customers, different surveys, and research activities for the fulfillment of the step (Indeed.com, 2020).
- **Quantification of the opportunity:** All of the problems are not enough problems that require a warrant for product-based solving. The causing pain and the impact on the organization determine the worthiness of the problem and if it is required to be solved.
- **Product conceptualization:** Some of the solutions can be obvious to solve the problem but some can be less intuitive. In this phase, the team members use the creative brain to devise the need of the product service.
- **Solution validating:** Before the designing and the prototype it is necessary to check the viability of the proposal. Early testing can result in the confirmation of further persuasion or the rejection of light adoption by the customers.
- **Product roadmap building:** When the legitimate concept of the product is in hand the product roadmap can be built by the management. This is done by identification of the themes as well as goals for solving the pain points (Indeed.com, 2020).
- **Development of viable project:** The initial product should be functional enough that it can be used by the customers.
- **Releasing MVP:** Experiments are required to be done to prioritize the message as well as a marketing channel. Along with this the price sensitivity and the packaging needs to be checked too.
- **User feedback based on on-going iteration:** When the product is launched in the market expansion, enhancement, as well as necessary changes, can be driven by the feedback of the users. This continues until and unless the final time of sunseting arises for the product.

VIII. ISSUES OF PRODUCT DEVELOPMENT

The development of a good product is hard. Very few MNCs are successful in the high range and it is considered a significant challenge for the development team. The characteristics responsible for the product development issues are dynamics, trade-offs, time pressure, innovation, and creation. The trade-off can be described as the choice-making in between the specification of the product and the impact of the cost. The preference of the customer, competition, technology, and the environment are considered as the variables. These variables create challenges for the development effort. The decision regarding product development should be taken in such a way that it can satisfy the needs of the customers. There should be diverse thinking in the development team to meet the needs.

IX. BENEFITS OF PRODUCT DEVELOPMENT STRATEGY

- Keeping the pace: the world is fast pacing and every day new technologies are appearing in the market to appeal to the customer's eyes. If the product line is kept the same as the before in this fast pacing era then it becomes stale and ineffective. The product development strategy can help in keeping the business at the same pace with the changing world and that can ultimately result in appealing to the consumers.
- Seizing the opportunity: The interest and the taste of the consumers evolve as time goes on and the product development can leverage the opportunities for the new products in the market. If the organization is aware of the upcoming trend then it is possible to be high place in the market (Smallbusiness.chron.com, 2020).
- Providing opportunity: The business of an organization can easily adapt to the new market need if they can have creative individuals by providing them space to innovate. A very strong team can put the business in a very strong position in the market and can help in innovating as well as producing new products.
- It is important to be newsworthy and if there is media coverage or press conference then much more attention can be gained for the new product. By using product development strategy new products can be launched which can attract the customer's eyes and the popularity can spread through the bloggers and reporters.

X. MITIGATION OF PRODUCT DEVELOPMENT ISSUES

- It is required to identify the risks or issues committed to product development. All the possible issues can be noted down and can be compared with the past projects so the main cause can be prevented for the new project.
- The issues can be mitigated by communicating with the development team while being in a team meeting. It is also required to pay attention to the fact that the members perceive the issue mitigation as an integral part of the product development (Yang & Hsu, 2019)
- It is necessary to prioritize the risks for the product development process and act accordingly. It is necessary to identify what matters the most as some of the issues can have a high impact than the others.
- Before revealing the best way of managing the issues it is necessary for the team members to identify the root cause of the issues and what can be the result of the issues. The effects as well as the consequences of each particular issue should be handled tactfully and efficiently.
- Maintain a contingency plan for the identified issues should be present, and then only it is possible to act accordingly. Weekly or monthly basis meetings are necessary where the issues will be addressed and how it can be mitigated will be thought by the members (Bbntimes.com, 2020).

XI. CONCLUSION

Engagement in the new product development, as well as innovation, can help in the thriving of an organization in the market and drive the performance. The development of the products, innovation of it, and the very high level of performance at all don't come easily. Product development plays a major role in the case of existence as well as competitiveness for any MNCs or retail business. Only the innovation and the new product development are not enough for the success of the organization rather the comprehensive alignment of the attributes helps in driving the development of the product and the objective to certain meaningful resources. Very few MNCs are successful in high range and it is considered a significant challenge for the development team as the customers, environment, technology, and competition are the variables that create challenges for the development efforts. But by identifying the issues, communicating with the team members, prioritizing the

issues, and finally maintaining the contingency plan the impacts can be avoided. Special attention need on the horizontal communication, upward communication and downward communication render a great influence on the level of employee commitment on the job and the productivity of MNC's (S. Kalogiannidis 2020). Also according to (S. Kalogiannidis 2017, 2018) all MNC's need to be prepared on facing and reduce several kind of crisis.

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