

New Product Evaluation

The longer a firm takes reviewing a new product opportunity, the greater the cost and distraction to the business.

Review the following discussion regarding a new product that never went ahead. Do you think that the firm made the right decision, or should they have spent more time, money and effort evaluating it further?

George:

"Did you know that one of the best ideas that we ever had at this firm never went ahead? Do you remember the popcorn in a bag that pops itself? You know, you press a button on the bag and somehow it heats up and pops the popcorn in just two minutes. Gee, that would have been such a winner!"

Kylie:

"But didn't they have a few technical problems with that? When they did some product use tests, they found that the bags started popping when people 'accidentally' knocked the button."

Jack:

"Yeah, but they could have worked those problems out. George is right. This was a good product for people with kids who were out traveling or at a picnic."

Rebecca:

"But I don't think the numbers were all that great. That's a pretty small target market and some of the parents surveyed had safety concerns."

George:

"Well, all I'm saying is that I thought it was a great idea. It's a real innovative product with no direct competition. I think that we should have launched it. Then we would know whether or not it would have been successful. Now we will never know for sure."

Student Discussion Questions

1. Based on this information, do you think that the firm made the right decision, or should they have evaluated it further?
2. Why do firms choose to evaluate products 'early' in the new product process? How does that help them? What risks does this approach carry?
3. Do you think that firms that evaluate new products too early will end up revisiting them, as suggested in the above discussion?