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PRODUCT DEVELOPMENT AND THE  
NEW ZEALAND FOOD INDUSTRY

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## ABSTRACT

New Zealand food companies experienced radical changes in the 1970's in relation to their traditional markets. Success in meeting the challenges and exploiting the opportunities created by these changes depends to a large extent on developing new markets and new product development skills.

The purpose of this research into product development in the New Zealand food industry was to identify, both overseas and in New Zealand, current methods of product development and to examine possible variables attributable to success. The research was designed to make it possible to analyse the organisation, structure, role and management of current practices in product development in the New Zealand food industry. Information was also gathered on the personnel involved in product development, including their attitudes toward the relevant variables for success of this important business function. By understanding the systems that currently exist in New Zealand firms, it was possible to identify areas of the company where improvements in product development skills might be made.

The study was conducted through a detailed questionnaire sent to a randomly selected sample of twenty four companies in the New Zealand food industry. This was followed by a personal interview with the company executive responsible for the product development function in each of the sample companies. The results were subjected to several data analysis techniques including the multivariate technique of factor analysis.

The product development process was considered in terms of both active and passive skills. Active skills (implementation) included the steps of planning, exploration, screening, analysis, development, testing, and commercialization. The passive skills (understanding) were seen as essential knowledge of design creativity, technology, and marketing. Companies of the sample indicated strength in the skills of technology but there was considerably less emphasis placed on design creativity. Products for export were generally the same as those produced for the domestic market and these were often copies of overseas products. There was evidence of some marketing strengths in the companies studied but marketing practices were weak in relation to knowledge of the consumer and in determining the market potential for new products.

The development process, in the sense of an orderly arrangement and management of activity, was shown to hardly exist in these companies generally. Management of the product development function in the companies was shown to be the responsibility of one person whose major role in the firm in many cases was in some other area. There was no evidence of product development departments or teams for the management of new product development.

A study of eighteen variables generally attributed to successful product development resulted in the identification of the following five factors as indications of what New Zealand managers thought to be



important for product development success in their own companies: an innovative and technological company orientation; a supportive company structure; consideration for the consumer; security for development; a well-rounded company marketing emphasis.

When these attitudes were measured against actual New Zealand practices as shown by this study, several correlations and discrepancies were noted. The research indicated that technological skills were heavily emphasized in product development but creativity and innovation were not. There was not a good supportive company structure and generally there was not a particularly well-rounded marketing emphasis for product development. Study of product failure indicated a lack of consideration for consumer needs in development.

This was the first study of product development and its role in the New Zealand food industry. A more comprehensive study will be needed to determine whether the conclusions are valid for the industry as a whole. In the interim, several recommendations are offered for improvement of success in product development in the New Zealand food industry.

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