

New Product Development

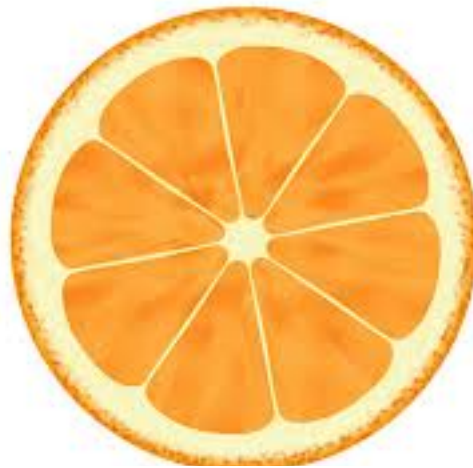


INTERNAL & EXTERNAL
FACTORS THAT AFFECT FOOD
PRODUCT DEVELOPMENT



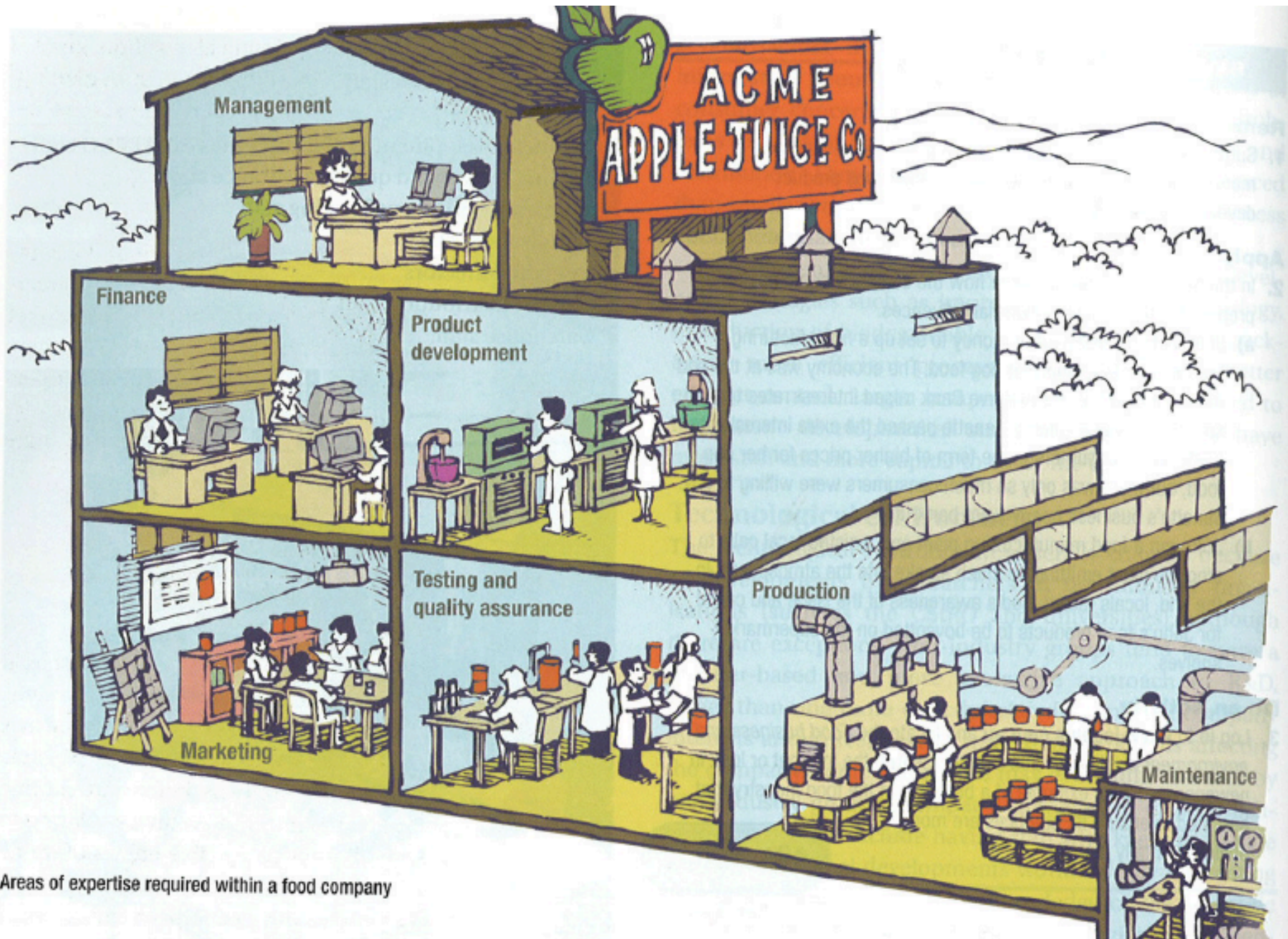
What are Internal Factors?

- Internal factors are those that are within the manufacturer's control.
- Such factors can have a major impact on the success or failure of a company's new products.



1. Personnel Expertise

- Personnel: People employed in an organization.
- The expertise of staff is crucial to the operation and development of a food business.
- These days, many workers are required to be multi-skilled (able to perform a range of different tasks).
- Also need personnel who have skills in leadership, planning & operation, decision making, task management, able to work collaboratively and communicate well with others.



Areas of expertise required within a food company

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- Staff in each area must have special responsibilities as well as specialised knowledge, experience and training at a sufficient level.



2. Production Facilities

- Production is the process in which raw materials (ingredients) are converted into final products for the market.
- Companies must have access to the appropriate facilities needed to develop a new food product.
- Personnel must also be skilled to use any new facilities introduced by the company.



3. Company Image

- Public perception of a food company is a result of the company's image which generally evolves over years of operation.
- It is often a result of strategies, products and target market that were chosen deliberately by the company.

The image shows the iconic Coca-Cola logo in its signature red script font. The letters are thick and fluid, with a classic, nostalgic feel. The 'C' at the beginning is particularly large and loops around the 'o', and the 'a' at the end has a long, sweeping tail that extends to the right.

Cont..

- Before trying to change its image, a company should carefully consider any possible consequences.



When changing Company Image fails?

McPizza (Mid 90's)



What are External Factors?

- External factors are those that are generally outside the manufacturer's control.
- Such factors must be considered in the decision making process.



1. Economic Environment

- The state of the economy can affect food product development. Some examples include;
 - **Level of Unemployment:** If only a low number of people are unemployed, then taxes can remain low and people have more money to spend on food.
 - **Wage Agreements & Salary Levels:** If a food manufacturer pays its employees higher wages, this increases the cost of the new food product being developed and sold.

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- **Drought:** We experience periods of drought that lead to a decline in agricultural production. This decreases the availability of many foods (grains, fruit, meat) and the price of these ingredients increase. During periods of drought, food manufacturers and suppliers often import these ingredients from other countries and they tend to be more expensive

2. Political Environment

- At a federal level, the Food Standards Australia and New Zealand (FSANZ) oversees food regulation.
- Also, factors relating to food inspection, quality and safety can restrict the ability of local manufacturers to import some ingredients from overseas.
- *Consumer Activists?*



Quarter Pounder with Cheese

		(Daily Value)
Calories	520	
Total Fat	26g	40%
Carbohydrates	42g	14%
Protein	30g	
Sodium	1180mg	49%



DID YOU KNOW?

Even a company such as McDonald's can have design failures. Along with the failed McPasta, McPizza and McHotdog, the McAfrica failed to impress. It was released in Australia to celebrate the Beijing Olympics in 2008, but caused a backlash (negative reaction) by social and political parties because of the many people dying from starvation in Africa.



3. Ecological Environment

- The ecological environment relates to the air we breathe, our waterways as well as plant and animals species.
- Consumer attitudes to such issues as recycling, biodegradability & packaging, pollution, use of pesticides and waste disposal have changed over time.
- Food manufacturers respond to these demands by developing new products and using packaging and processing technologies that are more environmentally friendly.

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<http://www.coca-colacompany.com/videos/coca-cola-2nd-lives-ytrwgcqgziou4>

4. Technological Environment

- Changes in science and technology affect the development of new food products.
- For example; food additives, genetically modified ingredients, modified atmosphere packaging.
- New technology means more profits. It helps food manufacturers because it expands the product range, improves production efficiency and lowers the cost of labour.

