

## **ROLE OF PRODUCT INNOVATION FOR SUSTAINABLE GROWTH OF BUSINESS**

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### **ABSTRACT**

*In present era, the business organizations or companies are facing a stiff or cut throat competition at global level. So business organizations have to adopt innovative strategies to survive in the competitive world. Innovation refers to new ideas or new methods for doing or completing any task. Innovation has become a vital element for growth and survival of any business enterprises. Product innovation refers to creation or introduction of good or service that is either new or improved version of previous goods or services. Every business organization's main purpose is to earn profit, but it have to be creative or innovative for maximizing the profit and to create its image. At present times, customer is considered as a king, and to satisfy the customers the enterprises has to adopt innovation in its products and process or method for producing products. The objective of this study is to get knowledge regarding product innovation and its need or importance for sustainable growth of business organizations. This study is based on secondary data that is collected from various books, journals, articles, websites etc.*

**KEYWORDS:** - Business, Innovation, Importance, Product.

## INTRODUCTION

Product innovation is an important factor for business enterprises. It has become a prominent concept to gain or attain the desired results in the business organizations. It is the combination of 2 words

## PRODUCT +INNOVATION

**PRODUCT:** -Product can be a good, idea, method, item, service, which is created as a result of a process and fulfills the needs and desires of customers. In business terms, product refers to anything which is made available to the customers for the purpose of sale. Business organizations can earn profits, by producing and selling the products. In retailing, products or goods are referred to as merchandise and in manufacturing; products are purchased as raw material and then that can be sold as finished products. Products can be classified into two categories: - Tangible and Intangible.

**Tangible product** tangible products are those products or goods which can be seen and touched. They are available in physical form, for example, cars, gadgets, furniture, cloths etc.

**Intangible products** intangible products are also known as services. These are not available in physical form. They cannot be seen or touched. Examples of services or intangible products are, insurance policy, banking services, software, mobile apps, etc.

In marketing, a product is an object or system made available for consumer use and it can be offered to a market to satisfy the needs or desires of a customer. (Kotlar, P., Armstrong, G., Brown, L., and Adam., S.(2006)

## INNOVATION

Innovation refers to new and creative idea, new imagination or thoughts. According to Joseph Schumpeter (1934), the concept of innovation, described as the use of an invention to create a new commercial product or service, is the key force in creating new demand and thus new wealth. Innovation creates new demand and entrepreneurs bring the innovations to the market. This destroys the existing markets and creates new ones, which will in turn be destroyed by even newer products or services. According to Peter Drucker, "Innovation is change that creates a new dimension of performance." According to Lafley & Charan (2008,

p.21), “Innovation is the conversion of a new idea into revenue and profits.” An industrial survey was conducted regarding how the software industry define innovation, in which definition, which was given by Crossan and Apaydin, considered to be most complete and accepted by the Organization for Economic Co-operation and Development manual’s definition (Edison, H., Ali, N.B., & Torkar, R. (2014). The following is the definition “Innovation is production or adoption, assimilation, and exploitation of a value added novelty in economic and social spheres; renewal and enlargement of products, services and markets; development of new methods of production; and the establishment of new management system. It is both a process and an outcome.”

### **OBJECTIVES OF THE STUDY**

- ✓ To get knowledge regarding innovation and creativity
- ✓ To understand concept of product innovation
- ✓ To know about importance of product innovation for sustainable growth of business enterprises

### **RESEARCH METHODOLOGY**

This study is purely based on secondary data which is collected from various websites, journals etc.

**PRODUCT INNOVATION:** - So product innovation refers to new and creative ideas regarding product, which can be tangible or intangible, to attract maximum customers by satisfying their needs or demands. There can be new changes in product or process or methods for production of product. There are so many examples of product innovation, like, introducing new product, enhanced quality and improvement in overall performance of product, new designs etc. The product innovation can be divided into two categories of innovation: Radical innovation which aims at developing a new product and Incremental innovation which aims at improving existing products (Wong, S.K.S. (2014).

- **NEW PRODUCT DEVELOPMENT:** - new product is developed to prevent losses of profits and to prevent liquidation of business organizations in long run. In 2012, Peter Drucker suggested in his book, ‘Innovation and Entrepreneurship’ that both product innovation and entrepreneurship are interconnected and must be used together for success of business enterprise and this is related to new product development.

### **Stages for New Product Development**

There are some important stages of new product development that business firm has to undergo to introduce a new product in market for customers

- **Idea generation:** - There should be an idea which can be transformed into a new product that can be launched in market to attract the customers. So first of all entrepreneur have to generate a new idea.
- **Research:** - After getting an idea, the entrepreneur has to do study regarding the feasibility of idea, cost etc. He should conduct research regarding idea by using various techniques or methods. Market research is an important factor before transforming any idea into a new product.
- **Planning** After idea generation and research, the entrepreneur should do planning before starting any production process. He have to get knowledge regarding raw material, cost of material, from where the material can be collected etc. He should make plans regarding plant location, plant layout, workforce, arrangement of finance for production process etc. before production process.
- **Product development:** - At this stage the firm or business has decided to introduce new product in market and it will take all important steps to produce and distribute the new product.
- **Test marketing** test marketing means to introduce the new product on a very small scale in a very small market, if the new product gets success in this market, then it is introduced on large scale. If the product or item fails in test market then, reasons of failure are found and necessary modifications are made in new product. After modifications or changes, that product is again introduced in test market. If new product fails again, then the business organization will reject it.

- **Commercialization** If new product gets success during test market, then business organization introduces the new product on large scale. The product is advertised on mass media like; TV, Radio, newspapers, social websites etc.
  - **Performance Appraisal** After launching the product in the market, the business enterprises should review the market performance of new product.
- **EXISTING PRODUCT DEVELOPMENT** The business firms have to develop or modify or redesign, or refurbished the existing product or services due to change in customer demand or due to competitors.

### **IMPORTANCE OF PRODUCT INNOVATION FOR SUSTAINABLE GROWTH OF BUSINESS ENTERPRISES**

Innovation has become a vital element in entrepreneurship. No any business enterprise can survive in competitive world without creativity and new ideas. At present, various business organization are performing business activities at international or global level, because of which, these organizations have to face cut throat competition, so without innovation and creativity , achievement of desired result is not possible. So every businessman should be innovative and creative to get success in business and for long term survival and growth.

The following are some merits of product innovation for growth of business organizations

- ✓ **QUALITY IMPROVEMENT:** - the business persons have to do modification or new changes in product, which is offered by them to the customers. Quality improvement of products can entice the customers. But business organizations have to provide high quality product at reasonable price to customers.
- ✓ **BRAND BUILDING:** Companies have to redesign and modify their product in order to allure the customers. In present time, due to stiff competition; business persons or entrepreneurs have to introduce new ideas for survival and growth. At present, customer is a “King” and products should be modified as per customer’s demand or taste. Brand building is very difficult without product innovation.

- ✓ **COMPETITIVE ADVANTAGE:** Effective innovation is a great way to establish a unique selling proposition for product. The product innovation is vital to beat the competitors and to retain the customers for longer period of time. Due to modernization and technology advances the customers are gaining knowledge about different kind of products and providers of products, so due to this, fashions and trends are changing very fast. The companies have to face stiff competition due to technology advances at national and international level. So, without innovations and new ideas survival is not possible for long run.
  
- ✓ **EARNING MORE PROFITS BY INCREASING SALES:** Customers like to purchase the product, which is unique and different than others and of high quality. So new ideas and creativity is important thing to increase sales and earning more profits. The product should be modified as per changing requirements of customers.
  
- ✓ **CAPTURING LARGE MARKET SHARE:** Every company desires to capture more area or share of market but they have to face problems due to competitors and customer's demand or requirements. To cover more market area for long period of time, the companies should use new and effective ideas for their products or services. The customers can be allured by new changes or modification or by introducing uniqueness in their products.  

So business organization can get success and can survive by attracting the customers by proving better products than their competitors and for attracting customers they should have to be creative and innovative.

### **STORIES OF SOME ORGANIZATIONS WHO GET SUCCESS THROUGH PRODUCT INNOVATION**

- **Toyota Motor Corporation** is world's largest automobile manufacturing company by sales and production, whose headquarters are situated in Aich, Japan. This company was established in 1937 by Mr. Kiichiro Toyodo, at Koromo Plant (currently Honsha Plant) where he started the operations. This company not only manufactures the automobile, but also provides the financial services, conducts research in Bio technology and has a robotic division, which builds robots. The automobile sector is mainly involved with the design,

manufacture and sales of car products like mini cars, trucks, vans and related parts and accessories. This company has become one of the world's greatest companies due to Toyota Production System (TPS). It has enabled Toyota, world's best automobile company to produce automobiles at the lowest cost and develop new products quickly. The crucial element of TPS is the philosophy of Kaizen or continuous improvement. One of the competitive advantages, that Toyota got on the other manufacturing companies, its adaptability to change and innovation. In this 21<sup>st</sup> century, most of the car manufacturing companies are facing the issues like the environmental and natural resources issues. Toyota introduced the vehicle which compiles with the sustainable abilities which address the above mentioned issues. It introduced the hybrid vehicle, "the Prius", and the company has managed to reduce the energy consumption approximately 30% with the help of single production line. Toyota stood ahead of the competitors by creating innovation –driven business growth. Among Toyota's most popular innovation is their greater investment in research of cleaner-burning automobiles that combine gas engines with an electric motor. All employees of Toyota have participated in the process of improvement of company's procedures.

So we can say, adaption of innovation and creativity becomes the reason of sustainable growth of Toyota Motor Corporation. It modifies existing or introduces new product as per changing requirement of customers and due to changing environmental factors. It focuses on product innovation and quality.

- **Hindustan Unilever** is another innovation driven company. It is India's largest consumer packaged goods company (by sale), with a market capitalization of 50.1 billion dollars and it has innovated across product categories, by adding enhanced features to existing products and by introducing entirely new products. For example, for sustainability and reducing the amount of water needed to wash clothes, it relaunched Rin (bar and powder) in 2017, with a smart foam technology that saves up to half the amount of water required otherwise. It also launched Domex Toilet Cleaning Powder to target rural and low income families. So this company is also focusing on product innovation for sustainable growth of business.

- **Bharti Airtel**: - is India's largest telecom service provider and is in advanced stages to set up a digital innovation lab in Bangluru to work on emerging technologies such as

Artificial Intelligence. It is currently transforming itself into a major digital operator in India. So this company is also taking into consideration the product innovation to satisfy their customers, to earn more profit and for sustainable growth of business.

## CONCLUSION

Product innovation refers to creation or introduction of good or service that is either new or improved version of previous goods or services. Every business enterprise's main motive is to earn profit, but it have to be creative or innovative for maximizing the profit and to create its goodwill. Today's customer is considered as a king, and to satisfy the customers the enterprises has to adopt innovation in its products and process or method for producing products. The companies which are more innovative are getting more success. For example, Toyota Motor Corporation is world's largest automobile manufacturing company by sales and production, because it is innovation driven and introducing new changes in products as per changing customer expectations and environmental factors.

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