

A Study of Accelerated Product Development, Roles of Marketing, and Business Innovation in Food Industry in Indonesia

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Abstract

Many companies do various activities to win business competition, which changes and evolves along with the emergence of hypercompetition, stages of industry, entry of new players etc. And many companies have accelerated their product development process in order to win the competition (e.g., Cooper & Kleinschmidt, 1986; Gupta & Wilemon, 1990; Cooper, 1993; McDonough, 1993). Besides accelerating their product development process, they also evaluate their business innovation profile and other companies' business innovation profiles ((Sawhney et al., 2006)). Accelerated product development has been observed from our exploratory study that engaged marketing practitioners (marketing managers and product managers) in pharmaceutical, cosmetics, and food/food business industries in Jakarta, Indonesia. From the exploratory study, we learned that accelerated product development process has been implemented by many companies in food business industry. This tendency among many food business companies has been triggered by the growing market opportunities, competition, high cost for product development, and owners' or leaders' and managers' intuition, and firms' capability and brand image. This tendency gave us insights and motivations (1) to study whether companies' accelerated product development changes the roles of marketing and marketing contribution to the product performance and (2) to examine this phenomenon within the framework of companies' business innovation. What are the main drivers of accelerated product development process (APD)? Does APD create

substantial new value for customers and the firm by creatively changing one or more dimensions of the companies' business system?

This study focuses on the research question whether the APD phenomenon changes the articulation and navigation roles of marketing in its contribution to product performance and to the creation of substantial new value for customers and firms within the context of food business firms in Indonesia.

The study of APD and the roles of marketing were linked to the previous studies (e.g., Webster, 1992; Workman et al., 1998; Moorman & Rust, 1999). The previous studies mentioned that marketing plays different and various roles when the companies were implementing APD. Marketing creates value by processing information on the customers' needs and develops value proposition in terms of products offered to the customers/users (articulation roles of marketing). Marketing disseminates or communicates the value in question through advertising, promotion, and other marketing communication tools (navigation roles of marketing). While these two roles concern mostly the offerings (what), customers (who) and presence (where) anchors of business innovation, our study will explore further how the value in question was processed. This "how" aspect of business innovation relates closely with the how product was developed and how the acceleration in product development facilitates firms in creating substantial new value for customers and the firms. Our exploratory study and review of the literatures (e.g., Gold, 1987; Rosenau, 1988; Braun, 1990; Gupta & Wilemon, 1990; McDonough & Barczak, 1991; Crawford, 1992; Milson, Raj & Wilemon, 1992; Brown & Karagozoglo, 1993; McDonough, 1993; Nijssen, Arbouw & Commandeur, 1995; Kessler & Chakrabarti, 1996; Ittner & Larcker, 1997; Smith, 1999; Kessler & Chakrabarti, 1999; Swink, 2002; Langerak & Hultink, 2006) gave us indication that we don't have enough evidence (previous studies) whether APD changes the roles of marketing (articulation and navigation roles). Our exploratory study (Kurnia, 2006) showed that marketing roles have changed due to APD phenomenon. Besides our interest in studying APD and roles of marketing, we will relate APD and roles of marketing with product performance.

To explain the phenomenon of APD, we use the market-based and resource-based perspectives. Some companies that have participated in our exploratory study mentioned that external conditions of organizations trigger their effort to accelerate their product development process. We argue that external conditions are not yet ideal sufficient conditions for firms to accelerate their product development process. Other factors will explain further why APD is a strategic choice for companies in food business industry in Indonesia. We use the framework of industry evolution, hyper competition, and environmental contingency theory to understand the context of our study, i.e., food business industry in Indonesia. The target respondents of this study are marketing managers, product managers, brand managers in the marketing divisions per product category and they have been involved in product development process in food business industry in Indonesia (Jakarta, Bogor, Depok, Tangerang, and Bekasi). Two-round pretest sessions have been implemented in Jakarta. The final survey is ongoing. The data from the survey will be analyzed using LISREL 8.7 and SPSS 14.

By November 2008 we will have obtained the research findings. We will invite feedback of the research findings from marketing and other parties that are involved in product development process. We will do in-depth interviews to gather more information and feedback from marketing practitioners.*